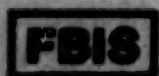


**JPRS 75113**

**12 February 1980**

# **West Europe Report**

**No. 1540**



**FOREIGN BROADCAST INFORMATION SERVICE**

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<b>REPORT DOCUMENTATION PAGE</b>		1. REPORT NO. JPRS 75113	2.	3. Recipient's Accession No.
4. Title and Subtitle WEST EUROPE REPORT, No. 1540			5. Report Date 12 February 1980	
7. Author(s)			6.	
9. Performing Organization Name and Address Joint Publications Research Service 1000 North Glebe Road Arlington, Virginia 22201			8. Performing Organization Rept. No.	
12. Sponsoring Organization Name and Address  As above			10. Project/Task/Work Unit No.	
			11. Contract(C) or Grant(G) No. (C) (G)	
			13. Type of Report & Period Covered	
15. Supplementary Notes			14.	
16. Abstract (Limit 200 words)  This serial report contains political/economic information on West European energy, finance and trade policy matters as well as developments and trends in the doctrine, programs and problems of the major communist parties, including their relations with communist parties outside the West European area. The report also contains information on Theater Nuclear Forces and elections to the European Parliament.				
17. Document Analysis a. Descriptors				
Political Science	<u>X</u> International Affairs	<u>X</u> Iceland		
Sociology	<u>X</u> Austria	<u>X</u> Italy		
Propaganda	<u>  </u> Belgium	<u>  </u> Luxembourg		
Economics	<u>X</u> Canada	<u>  </u> Netherlands		
Energy	<u>  </u> Cyprus	<u>  </u> Norway		
Industry	<u>  </u> Denmark	<u>X</u> Portugal		
Trade	<u>X</u> Federal Republic of	<u>X</u> Spain		
Finance	<u>  </u> Germany	<u>  </u> Sweden		
Theater Nuclear Forces	<u>X</u> Finland	<u>X</u> Switzerland		
	<u>X</u> France	<u>  </u> Turkey		
	<u>X</u> Greece	<u>X</u> United Kingdom		
b. Identifiers/Open Ended Terms				
c. COSATI Field/Group 5C, 5D, 10				
18. Availability Statement Unlimited Availability Sold by NTIS Springfield, Virginia 22161		19. Security Class (This Report) UNCLASSIFIED	21. No. of Pages 137	
		20. Security Class (This Page) UNCLASSIFIED	22. Price	

12 February 1980

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No. 1540

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## SOVIETS ACT TO INTIMIDATE NORDICS FROM CRITICIZING AFGHAN CONQUEST

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 21 Jan 80 p 3

[Report by W.A., datelined Stockholm: "Moscow Warns Nordic NATO Countries"]

[Text] Evidently aimed at the northern flank of the Western defensive alliance, the Soviet's diversionary attempts in the wake of the military occupation of Afghanistan are increasingly turning into a campaign of intimidation. Pointing to the NATO arms modernization plans the Moscow news agency TASS last weekend once more warned Norway and Denmark against listening to those "European strategists" who intended "to embroil them even more" in military cooperation with the other allies. Anonymous NATO politicians and generals were accused of pressuring the two Scandinavian countries with the aim of getting them to agree the emplacement of nuclear weapons and the establishment of military bases. TASS spoke of the danger of a "tumor" which threatened to destroy the hitherto stable conditions in northern Europe.

On this occasion the news agency once more trotted out the Soviet "treaty of mutual assistance" with Finland, calling it a "significant contribution to the maintenance of peace." Once more praise was also showered on Finnish President Kekkonen for his efforts to create a zone free of nuclear weapons in northern Europe. The repeated indication of Finland's treaty links with the Soviet Union, on the other hand, did not prevent TASS from warning against any strengthening of "Bloc politics" in Scandinavia. Instead the northern NATO countries should be guided more by the "interests of their peoples" and remember that any Western attempt to obtain "military preponderance" in Europe was bound to raise the question of "necessary counter measures" for the Soviet Union and its allies.

The Finnish newspaper SUOMENMAA, mouthpiece of that Center Party which counts among its members Foreign Minister Vayrynen, believed nevertheless to be able to attest that the European NATO countries--"excepting England"--have kept "their sense of reality." The newspaper explained this reference by noting that it was "reassuring" to know that Soviet state and party chief Brezhnev intended to maintain his "detente in Europe." SUOMENMAA appointed itself the complete spokesman for Moscow by asserting that "the



political leaders of Europe were no longer tied to the political apron strings of the United States" and could therefore easily contribute to moderation in the face of the current "conflict between the superpowers."

In disregard of such odd commentaries Norwegians recognize quite realistically that this conflict has arisen from the expansionary thrust of the Soviet Union. Danish Prime Minister Jørgensen also intimated in a letter to Brezhnev that detente, though much desired by the West, had been made far more difficult by the Soviet invasion of Afghanistan. In contrast to the socialist government of Norway, though, the social democratic government of Denmark sees no incongruity in pleading for further cuts in defense expenditure. The social democratic parliamentary group, for example, commented a long-range defense plan to be submitted in the Folketing on Monday next by advocating a "zero solution," providing a freeze on arms expenditure at the present level for the coming year and, at best, allowing for an inflation-related adjustment.

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## EC PRESIDENT SEES NO HOPE OF EARLY EEC BUDGET MEETING

LD311205 London THE DAILY TELEGRAPH in English 31 Jan 80 p 6 LD

[Report by David Adamson: "Hopes of Early EEC Budget Summit Dashed"]

[Text] Any remaining British hopes of an emergency EEC summit to discuss Britain's demand for a massive reduction in its pounds 1,000 million budget contribution were virtually dashed yesterday.

Mrs Thatcher and Sgr Cossiga, the Italian prime minister, made it clear that Britain would almost certainly have to wait until the next scheduled summit in March.

They were speaking at a press conference which followed talks in London.

Mrs Thatcher said: "I am a little disappointed that things are going much, much too slowly for my liking."

On the other hand, she agreed that it would be "fatal" to hold an early summit in February if there were no prospect for agreement. It would be pointless to meet merely to disagree.

Sgr Cossiga, who is the current president of the European Council, said he would be discussing the summit in Brussels and with other European leaders. He diplomatically avoided completely ruling out an emergency meeting; but he raised no hopes that there would be one.

Despite lack of progress on this front, Mrs Thatcher felt "a little bit closer" to finding an answer to Britain's demand for a fair balance of contributions to the EEC budget.

The approach she discussed with Sgr Cossiga was based on three points: a reduction in the cost of Britain's membership; increased receipts by Britain from Common Market funds available for such things as roads and regional development; and a reduction of the proportion of the budget spent on the common agricultural policy.

But, said Mrs Thatcher emphatically, "no woman is ever satisfied until she has cash in hand."

Europe's problems were linked with the wider issue of the lack of a unified Western approach to the Soviet invasion of Afghanistan. Mrs Thatcher expressed her strong opposition to sales of European technology and below-cost foodstuffs to a country which devoted such a high proportion of its productive efforts to armaments.

The Soviet military machine was in effect, being subsidised by Western sales. The Soviet Union could feed itself and equip itself with advanced technology if it diverted some of its efforts from weapons' design and production.

Settlement of Western Europe's internal problems was seen as essential to the creation of a better mechanism for consultation with the United States on a unified response to threats such as the Afghanistan invasion.

Mrs Thatcher said coordination was necessary because the United States was the final guarantor of European security. She and Sgr Cossiga had come to no conclusions about what should be done to improve the mechanism but agreed that they did not want to duplicate existing forums for consultation within the alliance.

CSO: 3120

## FUTURE OF EC STEEL INDUSTRY DISCUSSED

Brussels POURQUOI PAS? in French 20 Dec 79 pp 59-71

[Article by Jean Pourbaix: "The Future of the Steel Industry"]

[Text] The CIE (European Data Center), of Mons, Wallonia, has just published the complete minutes of the conference on "The Future of the Steel Industry," which was held at the Government University at Mons in May 1979.

The conference was attended especially by the following: Deputy Robert Leclercq, who presented the introduction to the work of the conference, as well as Messrs Etienne Davignon, member, ECC; Christian Oury, president and general manager of the Belgian Blast Furnaces and Steel Mill Grouping; Pol Boel, deputy manager S.A. [Incorporated] Usines Gustave Boel; Germain Duhin, Metal Worker Union, FGTB [General Federation of Labor of Belgium]; Richard Stievenart, chairman of the Provincial Council of Hainaut; as well as Mr Elio Di Rupo, president of the CIE, plus several of his assistants.

The statements presented to this conference, which was bound to be of tremendous interest, were covered in a certain "Press Release" which any journalist who wants to be objective and who wants to be accurate in analyzing the complete record, will refuse to refer to, at least in part. The objective journalist will instead prefer to wait until he has the conference minutes as such which will be offered to him through the kindness of the president of the CIE.

This "Press Release," disseminated by the CIE, as a matter of fact practically contains only two addresses, one by the Viscount Davignon, a member of the EC, and the labor unionist Duhin, who certainly would not deserve this excessive honor. On the other hand, the presentations by Messrs Oury and Pol Boel were--deliberately or accidentally?--boiled down to a rather congruous, if not incongruous portion.



## Etienne Davignon: "Too Much Capacity in Comparison to Needs"

But, let us be good fellows and, pending a more complete version of the Mons conference, let us in succession take up the summary--such as it shows up in the "Press Release" of the CIE--of the remarks by Viscount Davignon and by Citizen Germain Duhin.

Viscount Etienne Davignon, we read in the "Press Release," presented the response of the EEC to the problems of the steel industry. He began by noting that Europe, prior to the crisis, recorded more than 60,000 job losses. The European steel industry reorganization plan thus first of all involved more than 600,000 persons. Mr Davignon recalled that, between 1974 and 1975, the crude steel output went down 20 percent. At the same time, prices dropped 40 percent. When the crisis was at its high point, Europe on the average lost 1,000 Belgian francs for every ton of steel produced. This situation was due to the fact that the difference between the tons of steel placed on the market and the tons of steel demanded was so way out of proportion that the bottom just fell out of the price level. To save this industry, the EEC imposed de facto solidarity between all European steel companies. In other words, it was necessary to get everybody proportionally to reduce his output in order to bring about a better balance between the supply and the demands and thus to get prices to go up again.

Mr. Davignon also explained that, today, the companies continue to work at less than 70 percent capacity. Now, they would have to reach at least 85 percent to become profitable. There is thus, within the EC, too much steel industry capacity as compared to the requirements. So long as this situation lasts, we will continue to face the threat of a rupture of the "imposed" discipline. A reorganization thus is vital.

The viscount also drew a comparison between Europe and Japan. He clearly stated that the Japanese continue to improve their economic growth, that is to say, their growing wealth, because, in this old field, they mastered new technologies. By way of information, he noted that Japanese wages were just about comparable to European wages.

## For Placing the Steel Industry "Under Public Control"

Let us now--in terms summarized with complacent abundance in the "Press Release" from the CIE at Mons, Walonia (under the auspices of the Government University at Mons)--take up the theses advocated by Mr Germain Duhin, national secretary of the Metal Worker Union, FGTB. These are partial theses which attack private interest. We are therefore justified in wondering why they were thus received at a conference organized under the aegis of a government university. And we quote:

Mr Germain Duhin resolutely came out in favor of a labor union struggle by demanding that the Belgian steel industry be placed under public control. He showed that the Belgian steel industry always was more inclined to expand its output capacity rather than to push specialization.

According to him, this forced the industry into a particularly strong position of dependence against the background of the international steel industry situation. The steel industry is one of the industry sectors where government intervention was always considerable, especially through public loan organizations. Mr Duhin recalled that, from 1955 until 1975 the investment programs, which received government aid in the steel industry, accounted for more than one-fifth (20 percent) of all of the investment programs in all industrial sectors. To that we would have to add other indirect improvement measures which promoted the development of the steel industry. For example, widening the Ghent-Terneuzen Canal--which was one of the decisive factors in the establishment of Sidman--cost something like 4 billion Belgian francs.

More concerned with defending a group policy rather than an economic branch policy, the financing groups never made it possible, through their attitudes and positions, to draft a real national steel industry policy, he then added. "While the nation as a whole made a tremendous financing effort, the financing groups reduced the number of jobs." Billions against job reductions--an equation which is no longer supportable. This is one of the reasons which persuaded the labor unions to propose that this entire industry, its branches and sections be placed under public control. Mr Duhin also recalled the current objections of the FGTEB to the social program. He mentioned the reduction in working time, the ceiling on overtime, the improvement of work stations, or team organization within the framework of the assignment of a fifth team, and the early retirement provision. Regarding the reduction in working hours, he mentioned several figures to justify this demand. From 9 million man-hours in October 1974 we dropped to 5 millions early in 1979.

#### Those Who Do Not Wish the Hear

While the "thinking" of Germain Duhin was adequately rendered in the passage above, we would be justified to ask ourselves whether this fine man is not awakening from a deep slumber to the point of not knowing anything about the reforms that were instituted in the matter of sharing, by government, in capital and the management of the principal Walloon steel companies--since it was after all he that demanded that the Belgian steel industry be "placed under government control."

But is this apparent amnesia of Mr Duhin not a part of the kind of auricular or intellectual deafness which one finds in those who do not wish to hear and who do not wish to listen to reason?

In particular, they do not want to hear that the steel companies, down through the years, did not confine themselves--far from it--to investments aimed at expansion but also spent billions in order to produce increasingly improved steel.

They likewise do not hear and they do not wish to understand, the way deaf people do, that the loans which these enterprises got to do that were

not always--as the man from the FGTB claims--a free gift from the government but constituted loans with high interest rates on them.

In harping on the old arguments of the labor union factions, Mr Germain Duhin once again puts "financing groups" on trial and he perhaps and even probably is right to a certain degree (for reasons which escape him, moreover).

### The British "Model"

The trouble--when one adopts his position--is that the steel industry crisis is to be found everywhere in Europe and that it is particularly murderous--from the viewpoint of output, profitability, and jobs--in a big country (by now we realize that we are talking here about the United Kingdom) where "public control" over the steel industry is complete since that industry is under the "British Steel Corporation," in other words, the government.

Now, look here, dear Mr Duhin, you warned the organizers of this conference who invited you, as a leading labor unionist, to speak from this university platform, and you made some rather strong remarks here. Can you ignore the fact that Great Britain's crude steel output--under this government system which you like so much--dropped from 22,379,000 tons in 1974 to 20,302,000 tons in 1978 and to an annual level of 17,300,000 tons during the last fiscal year?

These output reductions did not prevent the results of the "British Steel Corporation" from winding up even deeper in what the British call "the red" (not to be confused with the color of your flags, Mr Duhin), in other words, they showed a deficit.

To remedy the situation, if it can, "British Steel" is getting ready to reduce its annual output of cast iron and steel to 15 million tons and that will mean dropping at least 52,000 jobs according to government estimates or 60,000 jobs according to labor union estimates. This new blood-letting in steel industry employment, which will go hand in hand with the closing of several steel mills, means nothing less--according to FINANCIAL TIMES--than the elimination of one-third or more of the personnel of BSC assigned to basic production who will thus be reduced to 100,000 units.

In view of this dramatic situation it is rather revealing to observe the attitude of the British labor unions. This attitude first of all is one of surprise--they had not expected such deep cuts--but also one of resignation. Mr Bill Sirs [as published], secretary-general of the "Iron and Steel Trades Confederation," did not rule out the possibility of "cooperation" (yes, indeed!) of the labor unions in the implementation of the layoff measures adopted by the "British Steel Corporation." Mr Duhin's British counterpart has established only one condition here and that is that the worker organizations are given "join control of the industry," that is to say, participation in industry management.

## In the Belgian Hell: Remunerations

The least one could say about this lamentable experience of "placing the steel industry under government control," which Mr Duhin continues to dream about, is that it far from supports the idea of placing the steel industry and others under government control. And it resulted in more disappointments rather than satisfaction for the British workers.

In spite of the exceptional gravity of the crisis which has been hitting the steel industry areas since 1974 in Europe (and in Belgium in particular) and in spite of the complaints, more imaginary than real, expressed by some of our enterprises operating under an entirely privately controlled system, the wages our workers get directly--their pay envelopes, in other words--went up from 146.34 francs per hour in 1973 to 260 francs in 1978. During that same period of crisis--a crisis whose end we cannot see as yet--the social welfare benefits paid by the employers went up from 74.80 francs per hour in 1973 to 157 francs in 1978. Thus, the total wage cost in the steel industry in just 5 years went up from 221.14 francs to something like 417 francs, according to data published in the 1978 report of the Belgian Blast Furnaces and Steel Mills Group (1).

As we go to press with this report, the Belgian steel industry, during 1979, happened to be the steel industry in Western Europe--in spite of all its handicaps--where the wage costs (with the exception of Holland) was the highest and where worker pay was the most generous. On the other hand, it was in the United Kingdom, under government control which is so dear to the national secretary of the metal worker union under the FGTB, that the direct and indirect benefits of the workers in the steel industry were and remained the lowest, with a wage cost of 178 francs per hour.

Between 417 and 178 francs, any man of good faith can measure the margin separating the living conditions of the Belgian steelworker, who is delivered up to the appetites of "financial groups," from those of his British colleague who is cozily trapped in the cocoon of government.

### Comparison of Hourly Wage Costs in Belgian Francs

	1978
Belgium	417
Germany	367
France	284
Italy	234
Holland (estimated)	448
Luxembourg	353
United Kingdom	178

(Source: Belgian Blast Furnace and Steel Mill Group)



## And Layoffs

But that is not all: the fate (we were almost going to say, the "feast") of the employed steel worker who is paid under the conditions we have just described is one thing; and the fate of the worker who has been laid off is another thing. Here again, the difference between the Belgian and the Englishman is striking.

The tens of thousands of workers who were fired and those who are about to be fired by the "British Steel Corporation" will directly serve to swell the ranks of the army of British unemployed.

In Belgium, where the total number of jobs (white-collar and blue-collar workers) in the steel industry dropped from 62,497 at the end of December 1974 to 47,710 as of 31 December 1978, this entire painful but unavoidable reduction in force was accomplished (apart from the Athus case, of course) without layoffs, due to natural separations or early retirement, according to a formula whose implementation was left to the free choice of the workers.

In view of these precedents and in view of the actual facts at this time --considering the loyal cooperation established in the steel industry between private interests and government--how could we describe any claim, labor union-inspired or otherwise, which would be aimed at finishing off Belgium's steel industry by strangling it under government control, except in terms of a huge hoax?

It is too bad for the organizers of the Mons Conference that they did not realize that.

## FOOTNOTES

1. Let us specifically show that the total hourly wage cost (in other words, 417 francs) was broken down as follows in 1978:

(a) Wages resulting from actual work done (260 francs); this item includes all remunerations directly paid out to the workers, including allowances and year-end bonuses.

(b) Social benefits paid by employers (157 francs); this includes remuneration paid out for nonworking days, social security contributions, and all other legal expenses, both contract and benefit.

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CS0:3100

## PAHR ANGERED BY CUBA'S STANCE IN UN SECURITY COUNCIL

Vienna PROFIL in German 7 Jan 80 p 9

[Article by Erhard Stackl: "Austria's UN-Case"]

[Text] In the beginning, the opposition faulted Minister Pahr for having favored Cuba at the United Nations. Now, Pahr is angry with the Cubans.

On Wednesday at 1515, Foreign Minister Willibald Pahr will have to take an internal political test in room 150 of the Office of the Federal Chancellor. At the request of the Peoples Party he has to explain to the Foreign Policy Council<sup>1</sup> why Austria voted for Cuba at the elections to a vacant seat on the UN Security Council.<sup>2</sup> VP chief Alois Mock called Stackl's behavior nothing less than "the greatest mistake of a neutral foreign policy," and perceived the black-red union in that field endangered if not even "shattered." If Pahr cannot offer a plausible explanation to the council, Mock has threatened a vote of no confidence in parliament.

Pahr's "Cuban gambit" (WOCHENPRESSE) was supposed to break a deadlock in the General Assembly. Forty secret votes on the Latin American seat in the Security Council had resulted in an undecided duel between Colombia and Cuba. When neither of the candidates would beat a retreat, the Austrians changed their support from the pro-Western Colombians to the pro-Eastern Cubans who were leading in the tally. But even the Pahr-initiative, announced to both competitors and the U.S. before the fact, did not get things moving.

Last week the 148th vote was once again deadlocked.

The opposition at home, alerted by VP's foreign politician Ludwig Steiner, who happened to be present in New York, smelled a scandal. VP deputy Wendelin Ettmayer, competing with Steiner for the most prominent foreign political profile, charged Pahr with "unworthy ideological neutrality," and Alois Mock found that Austrian credibility had been threatened.

"Is it neutrality when one does not always follow one power bloc?" asks minister Pahr rhetorically, recuperating last week from the opposition attacks at Jochberg in Tyrol. In all ideologically important questions--such as those involving freedom of information--Austria has always taken a clear (Western) stand. The elections to the Security Council (where Colombia has already served 4, Cuba 2 terms) involve no questions of principle. In spite of American anger over the Austrian action several Western states would immediately vote for Cuba if the two candidates could agree to a split term. The opposition's charge that he should have informed the Foreign Policy Council of the switch, is rejected by Pahr, "Such elections are constantly taking place. We didn't ask if we should be for Colombia either."

To counter the objection that a--even if imperfect--democracy had been abandoned in favor of a very model of a communist dictatorship, the Foreign Ministry keeps the annual report of Amnesty International close at hand. The report devotes much more attention to human rights violations in the militarily ruled two-party state Colombia than to the shortcomings in Cuba, where hundreds of prisoners have recently been released.

The main issue is said not to be the humanitarian posture, because then there would be hardly any candidates left. The foremost issue is said to involve the ability to function of the Security Council, charged by the UN Charter with "primary responsibility for the maintenance of world peace."

The legal opinions transmitted to the Tanzanian president of the UN General Assembly conclude that an incomplete Security Council has not been legally constituted. Whether the council is nevertheless able to function has not been answered by the experts. In the Soviet view only the Security Council itself can determine that.

In view of the Soviet invasion of Afghanistan that last problem becomes especially important. Already during the Korean crisis the Soviets refused to accept the decision to dispatch UN troops, because they themselves had not attended the meetings. Now they can block the prospective Afghanistan debate with legal questions.

In spite of the criticism of the internal opposition, Austria's UN delegate Thomas Klestil attempted a new advance on 27 December. At Pahr's behest he introduced a resolution that urges both candidates to negotiate directly for a compromise. At Cuba's suggestion Algeria demanded a statement that the solution could not include a split term; this markedly devalued Austria's proposal.

Thereafter, Pahr let the Cubans know that he considered their stance irrational and negative for the United Nations.

The political success denied to him at the United Nations Pahr could achieve at the Foreign Policy Council. Cuba, the only item on the agenda, will probably be overshadowed by the problem of Afghanistan and will be relegated to the snows of yesteryear. Had the VP not mobilized the Council, then "I would have had to convene it now." (Pahr)

#### FOOTNOTES

1. The Foreign Policy Council consists of Kreisky, Androsch, Pahr, the secretary general of the Foreign Office Reitbauer; the socialist deputies Benya, Fischer, Hesele and Marsch; Mock, Steiner and Graf of the People's Party, and Steger of the Freedom Party.
2. The Security Council consists of the 5 permanent members--China, France, Great Britain, USSR, and the U. S.--and of 10 non-permanent members elected to 2-year terms. The 5 seats that became vacant this year have to date been filled by the GDR, the Philippines, Niger, and Tunisia.

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## GOVERNMENT ANTICIPATES NEGOTIATIONS WITH EC

Vienna DIE PRESSE in German 31 Dec 79 p 2

[Article by Andreas Unterberger: "Vienna Waiting for Negotiations with Brussels--Many Problems Outstanding Between Austria and the EC"]

[Text] The European communities have shown little interest in Austria. Although it has been said that the negotiations on the discrimination against the European Free Trade Association (EFTA) states, which are associated with the EC, would begin when Greece enters the EC at the beginning of the year, the commission in Brussels still has not received the authority to negotiate from the Council of Ministers.

One of Austria's main concerns regards the transition period for Greek entry into the EC, whereby Austria will be "severely disadvantaged" (Foreign Minister Pahr) vis-a-vis the EC full members. After the Greeks become full members in 1985 then the situation will be somewhat better because then the duty rates on industrial products will be completely eliminated for Austria as well; but in the transition period, according to the agreement reached between Athens and Brussels, the duty rates for the nine members will be much more favorable. Austria's ambassadors in the nine capitals were already given instructions to demand equal status "emphatically."

Agricultural relations with Greece are also involved. In the milk export sector, the average annual volume of production of 1,800 farmers is endangered. The annual export of around 4,500 "Austrian" cattle is similarly in question if the agricultural certificate exchange (38,000) is not changed by this amount.

For years there have been outstanding problems between Austria and the EC, including also the whole complex of questions concerning road transit through Austria. The red-white-red emissaries constantly encounter an "understanding attitude" and the assurance that an EC contribution for the Pyhrn autobahn is "quite probable" but nothing more comes of it. Above all, for years Austria has been waiting for concrete agreements.

Austrian lobbying in the agrarian sector has been even longer and tougher. By means of quality controls and a minimum price agreement for cheese,

Austria wants to put a brake on EC competition for cheese, which in part is about 50 percent cheaper. Regarding this, the Foreign Ministry, in response to questions, spoke of intentions to sign an agreement "in the early part of 1980."

The opposition, which for a long time has been demanding more involvement in Europe becoming even more obvious in the dispute over the foreign policy doctrine, has criticized the trade minister, who is responsible for questions of integration, and the federal chancellor for "never" going to Brussels. Member of Parliament Ettamyer said: "The whole matter is given over to the civil servants; there is too little political pressure and too little coordination."

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## EIGHT NEW PARTIES JOIN PARTY LIST

Vienna DIE PRESSE in German 2 Jan 80 p 21

[Article by Wolfgang Oberleitner: "Eight New Parties in 1979--Curious Things From the Herrengasse"]

[Text] The list of those 29 Austrian parties who left their by-laws with the Austrian Interior Ministry and thereby became registered in accordance with the Party Law passed in 1975 reads like a collection of curiosities. The saturation point has obviously not yet been reached because after ten new entries in 1978 another eight parties registered in 1979, whereby it can be established that proponents have registered for the second time--with a different name, however.

Of the 29 parties only about a half dozen do any continuous work and participate in the elections--they are the SP, VP, FP, and KP, sometimes also the NDP, the Communist Association, and Martin Humer's "Christian Social Working Community." Most of the others, however, have not even made an attempt to participate in elections on a local level as, for example, for the local councils.

Only a few of the new parties can be classified according to ideology. This is easiest of all with the extreme left, where the Communist Association with its First Secretary Walter Lindner follows a Maoist Line; the International Communist League, however, can be counted among the Trotskyites. A third group can be seen in the Revolutionary Maoists of Hermann Dworczak, but they have been active only in universities.

Clearly belonging to the right are not only Burger's National Democrats but also the Aktion Neue Rechte and the People's Socialist Worker's Party of Alfred Warton who just registered a second party, the "Association of Environmentalists (VdU)." By the way, there is also a "People's Socialist Party" as well as two groups which propound the theory of political abstinence: the Nonvoting Party and the Party of Nonvoters--a trademark title for NDP followers. Even the SP of Austria has used the red pencil on the name "Social Democratic Party of Austria" for now they have registered themselves as the Association for the History of the Worker Movement (in the SP of Austria).

The oldest of this new group is the Ergocratic Party which already existed right after the war when they still claimed the title of the "Fourth Party." Even the publisher Gustav Adolf Neumann, one of the proponents of the Association of the Independents, has now become a founder of a party and created the "Patriotic Party" for himself as a platform. The same applies to Hans Pretterebner, publisher of the "Political Letters," who just registered a "Conservative Liberal Party." But the journalist Steinhauser is supposed to be behind the Middle Class Party.

Among those that can be classified under the Greens are the Initiative of Austrian Atomic Energy Plant Opponents of a schoolmaster in Vienna and the "West Austrian Landscape Design Party" of two attorneys in Feldkirch. Along with these, there are of course also the Progress Party of a certain Csaba Csiky, a Vorarlberg Culture Union, the Party for Youth and People, and the Union for Promoting Domestic Interests.

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## FUTURE LIBERAL PARTY CHAIRMAN INTERVIEWED

Vienna PROFIL in German 31 Dec 79 pp 18-19

[Interview with FPÖe [Austrian Liberal Party] Chairman-Designate Norbert Steger by Josef Votzi: "'You Are Chairman Even With Only 51 Percent'"]

[Text] PROFIL: Dr Steger, your having been designated FPÖe chairman reminds one almost of Shakespeare's "Macbeth": the regicide himself accedes to the throne. How do you feel doing so?

Steger: Not like Richard III. I do not think I was the regicide. It was not a question of persons but one of issues. In my opinion, Goetz resigned because he was not prepared to accept the fact that there are different opinions and that these are expressed. That is what I regard as the real catastrophe as far as Goetz is concerned.

PROFIL: It is not your fault that you are being called "Goetz killer"?

Steger: Is someone killed if he resigns without having lost a crucial vote? He did manage to put over all the personnel decisions he wanted. And as for the ultimatum he issued (party head and leader of the party in parliament or withdrawal to Graz--Ed)--that, one might say, was a defeat in a vote. Only, that isn't the case either, because (I sat next to him, you know) he voted for going to Graz.

PROFIL: As far as you are concerned, is any vote above 50 percent enough for you to head the FPÖe?

Steger: Of course, the lower the figure, the more difficult things become. On the other hand, when he was first elected, Kreisky also got no more than 56 percent of the votes. And I do not think that because of that he became a weak federal party chairman. You are chairman even with only 51 percent.

PROFIL: Will a vote for Steger as chairman entail a vote for a definite political platform?

Steger: In certain questions certainly. Only this platform does not come about by my keeping it to myself and then dictating it at some time or other,



but by people talking about it. For example, as far as I am concerned, an affixing--across Austria--to one of the two big parties is unthinkable. I regard it as unthinkable for the vote to be followed by a coalition without the political platform being voted on first. This means that there will be certain key issues as early as in the 1983 election. And, if it comes down to it, we will cooperate only with the party which implements these key issues.

PROFIL: But strong emphasis on issues is bound to drive you toward the OeVP [Austrian People's Party], isn't it?

Steger: It will become apparent in the issue concerned which party is prepared to go along. After all, actually the two big parties are much closer to one another than we might be to either. Particularly if we truly define ourselves as "national-liberal."

PROFIL: Precisely this formula has reawakened the old reservations against the FPÖe, such as "German nationalist" and "ultrareactionary."

Steger: Please, I am without complexes. I was born in 1944; I have no problem with any kind of past, have I? I certainly don't want any Anschluss [Nazi term used for the joining of Austria with Germany] with Germany--I wouldn't even know with which. I want an independent Austrian development as part of European unification. National in the modern sense means to support the grown communities at all levels. One of these grown communities is our Austrian Republic, which I support without reservation. I equally support the fact that at the same time we are part of an ethnic community.

PROFIL: Is the "support of the German Ethnic and cultural community," contained in the FPÖe charter, politically important? What does it really mean in terms of Austrian politics?

Steger: In this question too I would like to represent the not inconsiderable voter and member potential which simply exists in the FPÖe.

PROFIL: Does "National" mean, for instance, that it is part of the party's duties for FPÖe functionaries to attend events organized by the antiminority Carinthian Heimatdienst [Home Guard]?

Steger: It has not been so far either. There are FPÖe members in the Carinthian Heimatdienst. I hear that about 20 percent of the Carinthian Heimatdienst support the FPÖe, above 40 percent the SPÖe and about 40 percent the OeVP. The leading people anyway are OeVP members.

PROFIL: Does "national" mean that associations close to the FPÖe, such as the Aula publishing house, in which your predecessor, Dr Goetz, too has a share, issues leaflets against the "Holocaust" series on television?

Steger: Dr Goetz has no function there. He is a member of the Styrian University Graduates Association, but not of the board. That board is

half-owner of the Aula publishing house. So, where Dr Goetz has or had a function there I don't know. The Aula publishing house itself considers itself to be the publisher of national literature, but that does not mean that it supports the FPÖ. You can now talk about whether some of the literature there does not support us. And when I have read it, I will give you the answer.

PROFIL: One more question about coping with the past. At the latest since the sixties, when Fritz Olah spoiled your party with a million schillings, it has been regarded as venal. What is the price of the FPÖ bride under Norbert Steger?

Steger: The problem is that everyone talks about the FPÖ receiving a million at that time but no one talks about the umpteen millions the two other parties have received from the OeGB [Austrian Trade Union Federation]. I was not a member yet at the time but was just about to graduate from secondary school; so I have no direct responsibility for what happened then. But I say that if all parties under the same criteria get something for the strengthening of democracy, it is all right. If the FPÖ gets something unilaterally, I would go along.

PROFIL: But surely the Kreisky concessions since the FPÖ support of his first minority government are binding--such as a new election law, FPÖ functionaries in the banks and nationalized industry, an FPÖ representative on the OeGB board?

Steger: No, I think that, viewed in the proper dimension, none of that is really anything at all. I have never regarded as anything binding the fact that some progress was made in basic democratic rules. Until 1970 there was not a single FPÖ member at the level of Ministerialrat [title of high government official] and up; since then there have been perhaps three or five in all Austria. In contrast with the time of the CV [Union of Catholic-Austrian Student Organizations] and the OeAAB [Austrian Workers and Employees League], Kreisky has behaved more astutely, however, by not ramming things through, but also letting it be the turn of an FPÖ member or other. I do not see anything at all in this which would constitute an obligation on the part of my party. There is a tiny obligation to him on the part of democracy.

PROFIL: Do you still regard as valid the national political obligations arising from the OeVP-FPÖ coalitions in Graz and Klagenfurt?

Steger: I never saw any there as far as I am concerned, and would never accept them. As far as I am concerned, a cooperation between parties should be arranged in accordance with the requirements of the level concerned at the time. I think, among other things, it is one of the big mistakes of the FPÖ not to be able to detach itself from the clutch.

PROFIL: Before the last National Council elections, the regional coalitions were, however, supposedly among the crucial factors as far as the alleged pact between Taus and Goetz was concerned.

Steger: I think it is wrong to regard such coalitions as crucial.

PROFIL: Does that mean that there was a pact at the national level?

Steger: I don't know.

PROFIL: Kreisky has won four elections among other things because he induced the so-called "Liberal voters," whom he personally figured to amount to 6 percent, to join him in traveling part of the "Austrian road." What can you offer to these Liberal Kreisky voters?

Steger: All I can offer these Liberals is to come to a renewed FPÖ. Because I think that Kreisky, if he runs once more, would be a much better Dr Kreisky if he did not have behind him that satiated, slow 95-seat SPÖ, already turned to stone as a result of having been in power this long. We will tell the voters so until 1983. The best Kreisky there ever was the one when the SPÖ did not have an absolute majority. If they want to have this really good Kreisky again, a few Liberals will have to switch and come to us in the next elections.

PROFIL: And then you will make it possible for these voters to have the best of all Kreiskys in charge again?

Steger: Whether he will be in charge or not--I have already said--will depend not on persons but on issues in platforms. Of course I don't know if he will still be in the mood in 1983. Perhaps he will see to it from behind the scene that the SPÖ does not relapse into primordial conditions.

PROFIL: Your party has a special weakness for the concept of performance. Does Chairman Steger have a crossbar which he places for himself, leaving it to someone else to do better if he himself cannot negotiate it?

Steger: In the long run one does not remain party chairman for reasons having to do with oneself if the party keeps losing in national elections. I want to lead a winning FPÖ.

PROFIL: If you do not keep the 11 National Council seats in 1983, will that mean that you were not the right man?

Steger: One cannot put it that way at this time. But when I know the framework conditions, I will go ahead and give clear figures before the elections that will have to be reached if I am to stay on.

PROFIL: There are still ghosting a couple of quotations about FPÖ strategy from the Goetz estate: "Attack rather than accommodate," and the FPÖ should have a policy "going for 25 percent."

Steger: I am grateful that shortly before he left Dr Goetz stated that, viewed in absolute terms, this alternative is stupid. I regard it as stupid. Because one and the other thing will have to exist at the same

time--not accommodation, a term with such an awfully negative connotation. Democracy is finished if the parties do not comprehend that there have to be orderly relations for discussions. These also have to exist between Carter and Brezhnev, though they do not attack each other vigorously. I would like to have the same system, perhaps more amicably and with less cold war. And, as for a "policy going for 25 percent," I think the figure of 25 is set too high. But, like Goetz, I advocate not going for 100 percent. We can go for minorities. The question is only whether one does so without a really credible social commitment, without a strong workers wing. That is where the difference lay between me and Dr Goetz.

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CSO: 3103

## RATZENBOECK ACHIEVES PROMINENCE IN PEOPLE'S PARTY

Vienna PROFIL in German 31 Dec 79 pp 14-15

[Article by Josef Votzi: "Roi Soleil On the Enns--Previously Having Primarily Portrayed Himself, Josef Ratzenboeck Is Now To Become the OeVP's [Austrian People's Party] Showcase Politician"]

[Text] When he cast his vote to become the unanimous choice as provincial party chairman, he trumpeted self-confidently: "If I don't vote for myself, who can be expected to vote for me?" When last fall, with not quite 52 percent of the vote, he pulled the OeVP out of its national lethargy, the party, used to defeats, chose him to be its showcase politician.

Josef Ratzenboeck, OeVP province president of Upper Austria, is to be Mock's deputy as of the coming party congress.

Heretofore Ratzenboeck has primarily represented himself.

For example, the OeVP messiah, now 50 years old, until shortly before the Landtag elections of 7 October smiled down from the billboards as the "province president for all Upper Austrians" without a single reference to his party, avoided an intensive participation by the nation's OeVP leaders in the election campaign and reversed the Socialists' trend toward their party comrade. While on 6 May it had been the Upper Austrian Socialists who had delivered the best provincial result to Kreisky, 5 months later almost 10 percent of the supporters of the chancellor turned into Ratzenboeck fans.

"Not the OeVP--which nationwide was showing deficits in solving problems as well as in image in important spheres--was put in the foreground, but the person of the province president," says provincial party Secretary Helmut Kukačka, revealing the election campaign recipe.

If he is not put in the foreground, he puts himself there.

When Ratzenboeck, short in height, speaks in public, he not only steps in front of the lectern ("so that people can see me better") but, rather than weighing issues in the dry terms of a politician, above all seeks effective language. He talks "simply and urgently, enunciates like a forge hammer



and serves up a telling point every three sentences," says the fascinated editor-in-chief of VOLKSBLATT, Peter Klar. "He probably would also have had a great chance to become famous as an actor," says SPOe [Austrian Socialist Party] provincial party Secretary Arthur Gruendlicher sarcastically. Because politics is for Josef Ratzenboeck at all times a sales problem and only secondarily a production problem.

Already as provincial party secretary he put his stakes on appearances rather than reality and, under the slogan "Wenzl the Lion," built up the serious-sound but reserved roadbuilding expert Erwin Wenzl and made him province president. Even then, in 1973, OeVP Deputy Leopold Helbich formulated the OeVP desire for a nationwide Ratzenboeck effect by saying, "What Ratzenboeck managed to do with Wenzl he really ought to be able to with Schleinzner as well."

Even after an offer by Taus to come to Vienna as OeVP secretary general, Ratzenboeck preferred to stay on the Enns, where in 1977 he managed the leap into the province president's chair, because Erwin Wenzl had bowed out owing to personal and medical heartbeat irregularities.

Ever since, Ratzenboeck has been proclaiming every Tuesday as the day of the lord in Upper Austria. In his weekly audience the sovereign allows "my Upper Austrians" to approach him with their worries, straits and minor ills ranging from housing problems to jobs to abolition of a railroad barrier.

Despite demonstrated closeness to the man-in-the-street, OeVP members continue to be patricians in the Ratzenboeck realm.

For instance, in the allotment of posts in the school sector. In a report to the province president not intended for the public, the chief provincial school superintendent, Karl Albert Eckmayr, reported that "80 percent of all general junior high school principals appointed recently and 70 percent of all vocational junior high school principals are of our orientation," and "the same goes for regular trade schools, where virtually all vacancies of deputy principals in the past few years have been filled by our people." The OeVP's school overlord, Eckmayr, is almost embarrassed by such OeVP dominance, stating: "I would be almost reluctant to publish a political breakdown of all leading positions, school-tenure teaching jobs and transfers, because this could very easily earn us reproaches by representatives of other orientations."

Ratzenboeck prefers to leave such dirty political jobs to others, says SPOe National Council Deputy Ewald Nowotny, a professor at the University of Linz. "That is being done somewhat more elegantly than in Lower Austria but not one iota less brutally," he points out. The junior deputy identifies Ratzenboeck deputy Gerhard Possart as the executor of a tough-as-nails personnel policy who "in a different country would be a Stalinist."

What is being disparaged by Nowotny is not disturbing the political climate of the province, however. The "restrained election victor" (as Hartl (SPOe) secretary Dr Wiesinger calls him) managed to be elected province president unanimously and adhered to cooperation in the provincial government. A quiet provincial climate, according to what is being whispered in the SPOe, is also being insured by Ratzenboeck's relation to OBEROESTERREICHISCHE NACHRICHTEN. There brother-in-law Hermann Polz works as editor-in-chief, and Ratzenboeck's wife Anneliese under the byline of Anneliese Roeck on Mondays writes a column entitled "Not for Men."

The "LH" [short for Landeshauptmann (province president)], as the OeVP calls Ratzenboeck, feels free of nepotism, saying, "If I am bad, OBEROESTERREICHISCHE NACHRICHTEN will also attack me."

From that point of view, Ratzenboeck has only been good so far.

The fact that he enabled National Council Deputy Leopold Helbich, who had been expelled by the federal OeVP and who had made the "yellow envelope" proverbial in the 1975 National Council elections, to make a comeback as a member of the Bundesrat [federal upper house] is explained by Ratzenboeck in populist terms: "The people in his election district demanded it with their massive support."

The fact that he regularly invites himself to debates in schools and thereby incurred a parliamentary reprimand by the minister of education (who called it "unconstitutional") is justified by Ratzenboeck as being part of his duties: "I regard it as my job to let young people get to know politicians." The fact that this way the students get to know only him does not bother the legally trained Ratzenboeck, who says: "I don't do any promotion; we talk about politics in general."

Ratzenboeck is never at a loss for audience-effective ideas. Shortly before the Landtag elections he came up with easily digestible election candy, a la Kreisky--a free kindergarten excursion, a housing start assistance for young prolific families in the form of an interest-free 50,000-schilling loan or an outright cash grant of 20,000 schillings, and assumption by the province of expenses exceeding pensions of residents of old people's homes (which previously had to be met by relatives).

Three weeks before the Ratzenboeck initiative to introduce a free kindergarten excursion, the subject also worried the SPOe provincial executive. SPOe Deputy Province President Rupert Hartl opposed the project with legal arguments, saying, "Who will assume liability for the children during the excursion?"

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CSO: 3103

## PQ MILITANT ANALYZES BY-ELECTION DEFEATS

Montreal LA PRESSE in French 3 Dec 79 p A 4

[Article by Francois Thivierge: "Discontent among the Members of the PQ (Quebec Party)"]

[Text] Francois Thivierge, of Prevest, has been a militant in the Quebec Party since the very beginning. He was a candidate for the investiture assembly of the Quebec Party of Prevest on 16 September last, when, under special circumstances, he was defeated by Pierre Harvey by the narrow margin of 80 votes; 674 members had exercised their right to vote.

Some members of the Quebec Party are uneasy about the behavior of the president of the party, Rene Levesque, toward militants who are among the most sincere--even if at the same time they are among the most critical.

The strange attitude of the party's president reached a peak during the summer preceding the Prevest County nominating congress on Sunday 16 September last. It is no secret to anyone that the president of the party did nearly everything possible to "hide" the candidacy of a militant by the name of Francois Thivierge, but it could have been anyone else. Never, for example, was there any formal denial from the president's office of the report that there was still no candidate, according to the media (especially radio and television), and this all the way to August, whereas a candidate's entry form had been on file since the beginning of June. Mr Levesque himself, at his press conference following the meeting of the National Executive Council in August, held at the Yvan-Coutu Inn, in Prevest County, gave this same falsehood currency by avoiding...or keeping quiet.

Thus, persons who inquired at the central secretariat about this matter were told that there was still no candidate in Prevest. These eloquent silences have seemed illegal, if not immoral, in the eyes of a number of people. But in particular, it was a revealing sign that a gap has opened between the No 1 militant and other militants, who are more numerous than one wants people to believe. It was not a matter of supporting or publicizing a candidacy; it was quite simply a matter of being fair and of giving correct in-

formation, as the president of a political party should have done. If we were in a different political party, such as the Liberal Party, it would not even have been worth the trouble to consider this matter; but we belong to the party "of all the Quebecois."

Masochist?

Let us take an overall view of matters. There was the Bisailon document, dealing with the demobilization of militants caused, in large part, by the attitude of the leaders; the Louise Harel affair, the Pierre Bourgault affair; and on the other hand, the discouraging participation by members in the general meetings (in the Montreal region, the fortress of the Quebec Party, even in the president's county, Taillon, it is difficult to get a quorum--100 persons); the repeated appeals for mobilization, appeals that are as good as useless because in the same breath, "classes" of militants are distinguished: those who are on the "good side--those who obey--and on the other hand, the "hard" ones, those who criticize. This phenomenon, however, is normal and inevitable. A president does not have to try to dismiss it or stifle it, but rather to harmonize it, so that the two tendencies become creative rather than destructive.

But it happens that it was quite the contrary in Prevost. The partisan intervention of the president through the intermediary of the political personnel or the functionaries of the party (the "machine"), in addition to his direct intervention as described above, broke the equilibrium, the natural movement, the natural and wholesome struggle that could have taken place among the county's members in the choosing of a candidate.

A mistake, agreed. The same "mistake," but with even more obstinacy, Mr Harvey carried it off with... 8 percent more... 44 percent to 54 percent of the votes cast [as published]; the demobilization was even greater because in addition, he was suddenly catapulted [into the candidacy]. Not even a third of the county's militants took part in the campaign.

After these hard blows struck at militants, another was delivered in Maison-neuve. I do not know whether this is foolishness, sadism or masochism, but I do know that it is an excess on the part of him who is supposed to be presiding over the destinies of a popular political party. It is probable that we would not have won the by-elections even if there had not been such excesses; but I am convinced that we would have come out of them with closer results, with defeats at least more honorable.

To continue the analysis, it should be recognized that after the victory of 1976, a good number of militants withdrew, while committing themselves to come back at the time of the referendum. These departures created a void which we have never managed to fill; and so it was perhaps justified for the party to become the object of its functionaries, of its regular staff, that the parliamentary party should exercise a certain guardianship, and all the more so inasmuch as the head of the party and the leader of the parliament-



ary party are the same man. This has led to excesses which we have all noted recently, and this kind of excess no longer has a place in a mass party such as the Quebec Party.

At this point we should move on to action, and do things in such a way as to put the greatest possible responsibility back in the hands of the militants, beginning by considering them at their true value and stopping believing, every time they make a criticism, that they are "betraying the cause," that they "want the chief's head," or that they are "nitpickers." The very great majority of them have worked quite contentedly in the background, confident of the rightness of our choice as much as they have been fascinated by the greatness which our chief, Rene Levesque, has shown on more than one occasion during his 19 years in political life.

The best proof of the esteem in which we hold him is to ask him, as president of the party, to start a process of correction by acknowledging, in the first place, that he has been seriously lacking in consideration for his militant wing in recent times, sometimes going so far as to treat certain persons in cavalier fashion.

Let us render to Caesar what belongs to Caesar. We recognize that it took 16 years of active political life, from 1960 to 1967, for Mr Levesque to begin acting this way. We also understand quite well that Mr Levesque has slipped and has become less flexible since 1976: taking Quebec as it was and putting it back on its feet was a titanic task. Nevertheless, we do not believe at all that what we are asking of him is beyond his strength--to the contrary. Let us remember the Rene Levesque of 1960, of 1962, of 1968, of 1970, and the Rene Levesque of 1976 in New York and in Paris. What pride we felt, even the nonpartisans. Hasn't everyone said at one time or another, "Rene Levesque is the man for Quebec!"

For us, he still is; we even believe that has not yet given his full measure. That is why we ask him, Levesque himself, to take this step in the direction of a good part of the PQ family who are uneasy and are watching. When this gesture is made, no one will have any more doubts about a great victory for Quebec in the referendum. Because we will then go into this struggle with a feeling of real participation as in the past--participation that will begin with the participation of all the members of the Quebec Party....

I sincerely believe that Mr Levesque can rapidly revive the Quebec Party, so that when we say that "the Quebec Party is the party of all the Quebecois," these will not be empty words.

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## LEVESQUE APPEALS FOR UNITY AT PQ NATIONAL COUNCIL MEETING

Montreal LA PRESSE in French 10 Dec 79 p A 2

[Article by Pierre Gravel: "No Debate on the Profound Problems of the Party --The National Council of the PQ (Quebec Party) Concentrated Its Efforts on Preparing for the Referendum Struggle"]

[Text] As was to be expected, the imminence of the referendum struggle totally dominated people's minds throughout the meeting of the National Council of the Quebec Party held in Montreal at the weekend. In the name of unity of the troops on the eve of the great battle in the Spring, all forms of spectacular confrontation were avoided during the meeting, and likewise, a search for durable and definitive solutions of the party's most profound problems was avoided.

In his opening speech, the chief himself, Rene Levesque, described his difficulties, or at least their consequences, in the picturesque and striking style of which he is the master. He spoke of criticisms brought "voluptuously" into the public forum, of "internal guerrilla warfare," of incidents reported by the media under the heading of "political accidents," of detestable arrogance and of "unhealthy fat" resulting from a "subtle corruption of power," etc.

#### Drop in Popularity

At a meeting with the journalists, Mr Levesque also acknowledged that internal party polls indicated in mid-November "quite a dramatic drop" in the degree of satisfaction with the government, as well as a sharp decrease in the popularity of the Quebec Party and of its chief.

Facing the members of the National Council, the prime minister did not try to minimize the seriousness of the situation, and he stated that in his opinion, this meeting could and had to constitute a turning-point in the life of the party.

Nevertheless, Mr Levesque refrained from committing himself to a very specific assignment of blame or a settling of personal accounts, contrary to what he had threatened to do a few days after the disastrous by-elections of

last November. At most, he asked the dissidents who cannot or will not work under a certain discipline to go home, so as at least to avoid doing any harm. Contrary to what was becoming his habit over the last few months, the prime minister even declined throughout these 2 days to lay the responsibility for the PQ's frustrations at the door of the journalists.

This attitude on the part of the leader, as well as the fervency of his appeal for unity and discipline were sufficient to place the discussions immediately in the perspective of the coming battle to be waged, rather than in the perspective of analysis of the root causes of the present difficulties.

### Unifying Proposals

For their part, those elements that might have disputed the top leadership of the party respected the rules of the game and their promise not to engage in fundamental debate unless they are forced to as the result of provocation.

Paradoxically, Mr Levesque's unifying proposals had more consequences than he had himself anticipated, since the assembly even refused to discuss the recent by-elections, despite a proposal, supported by the national executive, expressing a desire for such a post-mortem. The problem was not thereby solved, however, since a majority of the delegates, 58 against 56, desired such a discussion, which could not be held because of the two-thirds rule in force for putting this item on the agenda.

Finally, it was only during the debate on the coming referendum campaign that certain speakers were able to refer to the recent by-elections so as to draw lessons from them for the future.

### Ovation for Desmarais

The candidate defeated in Maisonneuve, Jacques Desmarais, for one, received a stirring ovation when he urged the government to make gestures which will bring the voters back. "The only way to counter the campaign of fear which the Liberals are carrying on," he declared, "is to demonstrate to people that sovereignty-association is going to bring advantages for them. We need concrete gestures--not just one, but 5, 10, 100 things such as the sales tax that will demonstrate concretely what can be done for them."

The other victims of the November elections, Pierre Harvey and David Levine, said a lot in the same vein, stressing, respectively, the importance of projecting an image of unity and talking about the true stakes, and on the other hand, of explaining to the ethnic minorities why their interests will be better protected in a Quebec that deals with Canada as an equal.

Mr Levesque welcomed these remarks from several speakers and asked the militants to make concrete suggestions to the leaders of the referendum campaign--but without forgetting the necessary unity of thought and action which, according to him, will be a necessary condition for the success of the campaign.

## FRG TIES, RELATIONS WITH AFGHANISTAN DESCRIBED

Munich SUEDEUTSCHE ZEITUNG in German 17 Jan 80 p 4

[Article by Olaf Ihlau: "The German Lessons of Babrak Karmal"]

[Text] Kabul, January. "I cannot imagine a time when there will no longer be any Germans in Afghanistan, since the Germans, after all, have done so much for my home country." This sentence, coined primarily for the FRG Germans, comes from the lips of Babrak Karmal. To be sure, it was not spoken during the last few weeks, not after Karmal's enthronement as chief of the revolutionary council in Kabul with the assistance of Soviet rifles. The bow is somewhat older; all the same, even then Karmal already held revolutionary offices and honors: He had just been appointed deputy chief of state and head of the government of the new leftist regime when, immediately after the coup against the despot Daud, he made such pro-German remarks in May 1978. And up to now there are no indications that Karmal, having returned from his exile in Eastern Europe, has fundamentally changed his views in this respect.

The Americans have never become particularly involved at the Hindu-Kush. For a long time they underestimated the geostrategic significance of this Central Asian mountain state. Instead they placed their bets on the CENTO member Pakistan. Already in 1953, the then-U.S. President Nixon, after visiting Kabul, came to the hasty conclusion that Afghanistan might as well be "written off." Nixon was apparently irritated by the massive economic presence of the Soviet Union, which assisted all governments in Kabul with an extremely generous trade and development policy: King Zahir Shah, as well as his former prime minister and later founder of the republic Mohammed Daud. The West made it easier for the Soviets to play their trump card at the Hindu-Kush through its position of narrow-minded disinterest, for which Washington had furnished the example.

Actually only two countries stepped out of line in this regard: France and the FRG. Especially during the sixties--when the king permitted his country some temporary democratic experiments--both states attempted, with comparatively modest means, to build up something like a counterposition to Moscow. The traditional friendliness of Afghans toward Germans--

not least probably a reflex of the aversion to their former British overlords--in this context opened doors for the emissaries from the central Rhine. Bonn came down handsomely. Since 1958 the FRG had provided Afghanistan with capital assistance in the amount of approximately 400 million marks, and about DM 160 million for technical assistance.

Afghan police officers and detectives came to the Ruhr area for courses of instruction, radio technicians from Cologne have assisted at Radio Kabul. West German advisers and firms participated in the modernization of the telephone network and the drinking water system in the Afghan capital, but also in the construction of the dark prison fortress "Pul-i-Charkhi." The partnership between the universities of Bonn and Kabul endured--at least in the realm of natural science--the ideological and political vicissitudes to the present day. And until the end, the showpiece of cultural-policy cooperation, the Amani Modern Secondary School, which was founded over 50 years ago and at whose German-language branch 17 teachers sent from the FRG were still teaching at the beginning of the winter vacation, could also be regarded as a success. Many graduates of this educational institution, which receives considerable subsidies from Bonn, have gained influential positions in politics, administration, and the university system of Afghanistan--the most prominent among the former Amani pupils at the present time is Babrak Karmal.

Officially it is said today in Kabul by the West German side that the teachers have begun a longer home leave. However, after the most recent events it appears questionable whether they will return by the middle of March--which is how long the school vacations last. Like most of the EEC countries (which, of course, have hardly anything to give up), the Federal Government, in the form of an "urgent recommendation" suggested to all Germans in Kabul to retreat. The family members of the embassy personnel have already flown home, and most of the representatives of firms have their suitcases packed.

The request to pack up and leave was received with conflicting feelings by those affected. Weighty reasons may be cited for and against this decision. Aside from purely political considerations, increasing security problems undoubtedly induced Bonn to issue the recall. The risky situation of the members of the German colony had already been demonstrated dramatically last September by the murder of the two teacher families from Munich and Aichah: They had been shot to death 15 miles from Kabul while pick-nicking--probably by Moslem partisans who took their victims for Russians. After the military intervention by Moscow calm prevails in Kabul at the moment, but this calm is deceiving. At any time there can be terror attacks by one of the resistance groups who have proclaimed a merciless city guerrilla struggle against the invaders and their satraps.

However, there are also voices warning against a precipitate departure. Afghanistan, it is argued from this side, is by its entire nature a communist country. A complete departure by the West, it is argued, will only drive it further into isolation and facilitate Sovietization. For this reason, Afghans advise, West Germans in particular should not panic and run away. It would be smarter to hold on to certain positions (Amani School) as long as it is not unequivocally clear that the regime of Babrak Karmal does not want this presence.



## SOVIET EXILE BUKOVSKIY: BOYCOTT MOSCOW OLYMPIC GAMES

Bonn RHEINISCHER MERKUR in German 11 Jan 80 p 2

[Interview with Soviet Dissident Bukovskiy: "Olympics Equals Politics"]

[Text] [Question] Long before the events in Afghanistan the dissidents demanded a boycott of the Olympic Games because of human rights violations by the USSR. Since the aggression against Afghanistan a boycott would appear more necessary than ever. In your opinion, what effects would a boycott have?

[Answer] In the first place, it would make it extremely difficult for the Soviets to mount a big propaganda show in Moscow designed to improve their image outside their borders and to enhance their relationships with foreign countries. Second, it would have a major effect upon the Soviet system, since sports are highly regarded in our country. The authorities would be forced to offer an explanation for those countries' refusal to participate in the Moscow Olympic Games. This would put the Soviets at a big disadvantage and would give a boost to antigovernment forces within the USSR.

[Question] Would not a boycott cause considerable consequences for the rest of the world as well?

[Answer] Some people involved with sports and the Olympic movement have said that this might spell the end of the Olympic movement and that in any case the Soviets and the East bloc states would withdraw from it. I do not believe this. I am firmly convinced that the Soviets are most anxious these days to participate in all kinds of international conferences, meetings, organizations and games. They are looking for an opportunity to trot out their political position everywhere. A similar situation arose 2 years ago at the Sixth World Congress of Psychiatry, when the Soviets found themselves condemned by the majority of participating countries. Many expected the Soviets at that time to withdraw from membership in this international organization. But this never happened; on the contrary, the Soviets proved once again that they were more interested in sending their representatives and delegates all over the world. That is what makes me think that this would be the case for the Olympic movement as well.



At the same time, it would be to the advantage of the West and public opinion to confirm their opposition to totalitarianism.

[Question] How do you explain the reaction by most Western politicians to the effect that a boycott of the Olympic Games would make no sense at all?

[Answer] As I see it, these people know very little about the Soviet system and about Soviet reality. I simply cannot understand how they arrive at their opinions about the USSR. Many of them are in favor of political detente and they are therefore afraid of impairing their relationships with the USSR. They are more in favor of a calm and mild attitude toward the Soviets. While they fully expect violations on the part of the Soviets, they are not prepared to protest against them. Their primary motivation is not to scare or anger the Soviets. Furthermore, various national Olympic committees and the International Olympic Committee have come out against the thought of a boycott in connection with the events in Afghanistan. They call such a step a violation of democratic national rights and maintain that it would serve to politicize sports. I cannot agree with this opinion because the Olympic Games are political by their very nature. The International Olympic Committee has described the Olympic Games as being a political event. This is proof that the Olympic Games are certainly involved with politics. The members of the committee maintain that the Soviets have violated neither the Olympic Charter nor the rules of the International Olympic Committee. They are not opposed to Moscow being used as a showcase for the Olympic Games. This is not a valid opinion; paragraph 3 of the rules indicates that the Olympic Games must not be held in a country which practices racial, religious or political discrimination. But the USSR is a country which practices all forms of discrimination. They [the Committee] pretend to be unaware of any Soviet violations of the rules. However, we are in a position to furnish on request evidence and witnesses in case the NATO countries, for instance, would be interested in starting an investigation. We are prepared to name dozens of witnesses.

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## CDU, SPD MEETINGS BEGIN BADEN-WUERTTEMBERG CAMPAIGNS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 21 Jan 80 pp 1,2

[Text] Last weekend the CDU and SPD officially opened the election campaign for the Baden-Wuerttemberg provincial assembly election, slated for 16 March. On 5 January the FDP had preceded them and announced it was foregoing a "coalition statement." Led by Minister President Spaeth the CDU now governs alone with a majority of 56.7 percent in the assembly. It held a Land party congress in Heidelberg, attended by the other CDU minister presidents--Albrecht (Lower Saxony), Stoltenberg (Schleswig-Holstein), Vogel (Rhineland-Palatinate) and Zeyer (Saarland); Bavaria's Minister President Strauss was prevented by prior engagements and sent his regrets.

The party congress adopted an election plank. This focused on economics, especially energy, environmental control and emphasis on freedom and the need to repel "collectivism."

Sindelfingen near Stuttgart was the site of a meeting of about 4,000 SPD party officials. Deputy SPD chairman Wischniewski came from Bonn in place of indisposed Federal Chancellor Schmidt. At the SPD conference the differences between SPD Land chairman Eppler and Federal Chancellor Schmidt were hailed as reflecting the party's variety. Minister President Spaeth was depicted as the vassal of Union chancellor candidate Strauss, the "man from Sonthofen," as Schmidt put it in a greeting read at the conference.

The CDU, on the other hand, seemed to have every intention of conducting the election campaign in the guise of a local conflict; any reference to Bonn was confined to emphasis on the conflicting views expressed by SPD senior candidate Eppler and Federal Chancellor Schmidt on the energy and arms issues. CDU Land chairman Spaeth, minister president for the last 18 months in succession to Filbinger, said that the citizens of the Land would incur a risk by electing Eppler's party and should use their votes instead to prevent such a hazard. Spaeth promised sound and liberal policies. The latter, he claimed, were no longer represented by the FDP of the Land, though the Land itself tended to liberalism. Spaeth warned against the Greens as a "multilingual mix."

Spaeth said the CDU would not tolerate leaving the "care and guidance of children to the government social bureaucracy." A CDU government would

continue to refuse entry to the teaching profession to extremists, whether on the left or the right, nor would it allow extremists to enter any other public service." Other than might be expected of Eppler, the CDU had a clear concept on energy. The construction of nuclear power plants would meet the "requirement for electricity still not quite safeguarded" by other measures. Spaeth claimed that the Wyhl nuclear power plant was needed "as per our current awareness"; should the administrative court in Mannheim give the green light for Wyhl, the government would "inform (the provincial assembly and the public) on all details of the time schedule and construction planning."

The Soviet incursion into Afghanistan provided the CDU election congress with a foreign policy element. Spaeth said the developments in that area were exposing detente to "its greatest strain yet." The minister presidents from the CDU governed Laender dealt exhaustively with foreign affairs, with the exception of Zeyer who focused on energy. Vogel (Mainz) said that only those could have been surprised by the latest events, who had forgotten that there were indeed forces in the world who, despite verbal detente, continued to be oriented to expansion.

Lower Saxon Minister President Albrecht mentioned several stress points: Increased political and economic aid would have to go to Pakistan and also to Egypt; the Federal Republic would moreover have to interest itself in the stability of Turkey. A definite beginning would have to be made on the obligation within NATO to achieve a real 3 percent increase in defense expenditure: "If possible, more." The 3-percent claim was also raised by Schleswig-Holstein's Minister President Stoltenberg. He said that foreign affairs and defense issues, neglected in the past 10 years, were now again assuming the importance they enjoyed in the early years of the Federal Republic when the Union held sway in Bonn.

At the SPD conference in Sindelfingen deputy SPD chairman Wischnewski condemned the taking of hostages in Tehran and the Soviet invasion of Afghanistan. At the same time, though, he advocated the "consistent pursuit of detente." The United States were assured of Bonn's "solidarity." SPD Land chairman Eppler said that, despite loyalty to the ally, there was no reason "to subject the interests of the European peoples to those of the American election campaign." This dictum was duly criticized at the CDU congress. After a return to detente which should not be considered wrong just because "the Middle East is once again in flames," said Eppler, "we must hope that no more than a fuse has blown in Moscow."

The remarks directed in Sindelfingen to the situation in Baden-Wuerttemberg were designed by the SPD to attack the CSU chairman but actually score off Minister President Spaeth. Deputy Land chairman Steinkuehler, chairman of the IG [industrial labor union] Metal, Stuttgart district, spoke of the "wave of reaction" which now considered the time to be ripe for "launching Strauss as the plank." Federal Chancellor Schmidt's speech was read by Chancellery Minister Huonker. It said that Baden-Wuerttemberg voters would

have to choose between the social democrats of Eppler's complexion, flexible in their approach to problems, and "people who, like Spaeth, turn their coats in direction of Munich."

The Sindelfinger conference was careful in its mention of the Baden-Wuerttemberg FDP. Wischnewski considered "regrettable" the FDP decision not to make a coalition statement. There was less circumspection regarding the Greens. Wischnewski offered the formula "he who votes for the Greens actually helps the Blacks." Eppler also censured the moral but politically shortsighted rigidity of the new movement. He asked what could be expected of a party which had to suffer the blackmail of the K [communist] groups.

Eppler mentioned that the party should be prepared in case the "absolute majority of the CDU was broken." Similarly cautious was Federal Chancellor Schmidt who wrote that the CDU was "by no means" bound to "preserve" its absolute majority in the 1980's.

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## CDU IN BADEN-WUERTTEMBERG SITS 'BETWEEN STRAUSS AND SCHMIDT'

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 21 Jan 80 p 4

[Report by Friedrich Karl Fromme: "Neither Combative nor Entertaining"]

[Text] A party governing with a good absolute majority (1976 provincial assembly election: 56.7 percent) is not inclined to enter an election campaign uttering ferocious battle cries. It is least of all likely to do so in Baden-Wuerttemberg, where the public mistrusts any strident tones, and where over-confident attacks on a weaker opponent might easily benefit the latter. It would therefore be something of an exaggeration to describe as a "combative" event the CDU Land congress by which the majority party launched its election campaign last weekend in Heidelberg--on 16 March the new provincial assembly will be elected.

The Baden-Wuerttemberg CDU presented all minister presidents who are party members--Albrecht from Lower Saxony, Stoltenberg from Schleswig-Holstein (who received the greatest applause), Vogel from Rhineland-Palatinate, Zeyer from the Saarland. Minister President Strauss declined the invitation, citing prior commitments. It is quite unnecessary in this case to adopt the knowing smile usual when prior commitments are cited in politics. Strauss' presence at the party congress could actually have disturbed the calm of the proceedings in a city where the university "always makes for excitement," to quote Social Democrat and chief mayor Zundel, speaking for the host city. There might have been talk that Spaeth's dependence on Strauss was showing--when the southwest German CDU erupted in conflict about Strauss' chancellor candidacy it was Spaeth's championship which held the party together. Strauss in Heidelberg could unintentionally have disrupted Spaeth's intention to conduct a strictly localized election campaign. On the other hand the new, more moderate and statesmanlike Strauss might have spawned a more entertaining albeit more rambunctious party congress. In fact Spaeth's concluding address mentioned the gamut of the Union as a popular party, extending from Strauss at one end to Wissmann (Young Union) at the other.

The adoption of the election plank proceeded without a hitch and also without much interest. The talk was of energy, environment, labor market, family, transportation, education, internal security. At the same time the need was



claimed to counter "constant niggling criticism, self-pity, crisis talk, in short pessimism as such" by a "life affirming attitude and the readiness to embark on practical improvements." No more than half a dozen speakers from the body of the hall asked for recognition; a few words were said about the rejection of the comprehensive school, and something was added to the principle that mere membership in parties hostile to the constitution justified doubts in the applicant's suitability for the public service: Engagement in such a party was totally unacceptable for a civil servant. All of this, though, was lost in the steady buzz of conversation which accompanied the adoption of the paper regarded by the delegates as not particularly important.

The CDU firmly intends to keep this election campaign within the Land and--in contrast to the SPD (fully aware of the lack of popularity of its top candidate Eppler)--not allow it to become a preliminary bout in the battle between Schmidt and Strauss. Spaeth mentioned that Federal Chancellor Schmidt had a much easier time in achieving his disposal concept as the prerequisite for a moderate expansion in nuclear energy as long as he could call on CDU minister presidents. Difficulties would be bound to arise with Eppler. Spaeth called Eppler a "visionary conservationist" unable to rid himself of his visions. CDU majority leader in the provincial assembly Teufel expressed the opinion that, with Eppler (who simply did not understand the citizens) as leader the opposition in the Land was not merely in the waiting pattern normal for an opposition; it was actually "in retirement." That, he said, had helped the CDU because his assembly group in the days of the Filbinger government as well as now had to do a great deal of what should really be handled by the opposition. After all, he said, parliamentary government "must function."

Two weeks ago, at its congress, the FDP forebore to make a coalition statement, but the program adopted by their delegates reflected a preference for the SPD. Spaeth commented this as follows: The FDP had given up basic liberal attitudes, especially on educational and social issues. It was therefore "unsuitable as a coalition partner" for the CDU. Now, he said, it no longer sat on the fence, it had already come down on the other side. The voters of the Land were of a liberal frame of mind and therefore at home with the CDU. At this point in time the FDP had "become expendable." Teufel: I really forgot the FDP altogether."

The Greens? Spaeth spoke of a "multilingual mix" of nuclear power opponents, daydreamers, foes of progress, communists engaged in the march through the institutions, idealistic youths and older people frustrated in their career ambitions." The CDU was doing quite enough for environmental control. Teufel: "We do not carry green flags, we conduct a green policy." One of the engrossing questions of this election is this: The Greens are expected to draw about 5 percent of the vote. Whom will they deprive of these votes? A delegate experienced in rank and file sentiment said that the predicted increase in the SPD vote (33.3 percent in 1976) would happen only if the Greens were to remain below the threshold of expectations--which is very hard to calculate at this time.

Land politicians confined themselves to generalities about the international crisis, about the necessarily reduced expectations, the extent of which the CDU intended frankly to explain to the citizens. A motion to the effect that the party congress should advocate a boycott of the Olympic Games was attenuated and adopted in the form of a resolution asking the Land executive to examine the problem at its next meeting. On the other hand minister presidents Albrecht and Stoltenberg introduced the topic of international politics. Both said that the Federal Republic would definitely have to carry out the 3 percent increase in defense spending as promised to NATO. Stoltenberg quoted a report of an Eppler statement at the SPD's simultaneous election campaign preview in Sindelfingen. Eppler had warned that Europe should not allow itself to be dragged into the election campaign efforts of the American President, though in the next breath mentioning "loyalty" to the United States. That, he said, powerfully illustrated the SPD's fatal combination of arrogance and provincialism as displayed in the current crisis. Stoltenberg ascribed the Federal Government's present helplessness to the fact that detente had been pursued as if anticommunism were a "reactionary and outdated attitude."

More silent though more prominent was another guest at the party congress, former Minister President Filbinger who held the office until 18 months ago. This life chairman of the southwestern CDU was allowed to join the present minister president in entering the hall, accompanied by drum rolls and blaring trumpets. Zeitel, Teufel, Stoltenberg and, at the end of his speech, his successor Spaeth thanked Filbinger for creating for the CDU such an excellent starting position in the southwest 4 years ago. Filbinger acknowledged the tribute by hesitantly rising from his seat on the platform, accompanied by applause. At the end he sat down with a secretive look. It indicated some satisfaction but also some rejection--the old hand knows very well what audience applause is worth.

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## SPD'S EPPLER HOPES TO END CDU RULE IN BADEN-WUERTTEMBERG

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 21 Jan 80 p 4

[Report by Dieter Wenz: "Eppler Modestly Looks Toward 1984"]

[Text] Ailing Federal Chancellor Schmidt sent a message last weekend: "I wish you, dear Erhard, every possible success in Baden-Wuerttemberg." The chancellor also wrote that the CDU here "by no means" need keep its absolute majority "in the 1980's. Erhard Eppler, SPD Land chairman, also tended to look to the more distant future even before his party's Sindelfinger keynote conference. He admitted that the party was prepared in case it succeeded in mid-March to break the absolute CDU majority. However: "If not, we will get there in 1984." That was at the conclusion of Eppler's speech.

He began with a plea for the smallest possible expectations: "We enter this election campaign without grandiose illusions." It was up to deputy federal chairman Wischnewski to tell the 4,000 party officials in Sindelfingen how far the expectations of social democrats might go in the Land, and that only provided they worked hard in the coming weeks. Wischnewski did not even mention the possible break in the CDU's absolute majority in Stuttgart. "Help me," he said, "to take down the CDU a peg or two." Nobody in Sindelfingen spoke of victory.

In the meantime the Baden-Wuerttemberg SPD is beginning its hard work. It will have to take great pains to tie a firm cord round Land chairman Eppler and the Federal Chancellor, especially because the CDU so obviously intends to drive the widest possible wedge between the two men. They also have to meet the usual campaign obligation of detracting as much as possible from the ruling party. The latter is something which the good people assembled in Sindelfingen's fair building are well able to carry to their home districts. The message is well taken by the traditional social democratic tinsmith from Untertuerkheim, the typesetter in the Alemannic region, whose grandfathers already knew that the Blacks were evil and where the mark was to be put on the ballot. Much was done in Sindelfingen also to make sure that the first topic, the matter of Schmidt and Eppler, should be properly appreciated.

The Federal Chancellor himself has let it be known that Eppler enjoys his "fullest respect" and branded as dishonest the attempts by the opposition to make legitimate differences of opinion on details "the real topic of the provincial assembly election campaign." "We are as one," he said, in the matter of our goals. Wischniewski pointed out that "our party" was no choir meeting "where one raises the baton and the others sing," and metal labor leader Steinkuehler put the whole matter in its proper perspective by describing it as the intention of "the reactionary wave rolling in at all levels" to use the "wedge of demagogy" to divide the federal and the Land party.

Eppler was more interested in reconciliation. He talked of the rather hard headed people of the southwest, who had always thought the head was intended for shaking rather than for nodding. He followed this up by telling the story of a philosophy student from the Hohenlohe region who, asked at a commencement exercise whether he was a follower of Kant or Hegel, answered: "I am myself." The Bonn people can put their own interpretation on that. When the audience laughed loudly, Eppler smiled.

Smiling is not his strong suit. No sparks flew from the rostrum behind which he stood to inspire the party rank and file. The chairman in fact gives the impression rather of a feared school inspector from a large city--his enemies hereabouts disparagingly call him a vinegar socialist. Still, he knew exactly how to send his people off to battle. He could not in honesty claim that the citizens of the Land had done badly in all those years of Christian Democracy. But that does not mean to say that it is possible to give a clean bill of health to its present leader, Minister President Spaeth. He is that Spaeth who, pliable and not at all the image of the father of his people, "once again turned his coat"; a man whose attitude resembles that of a trout in the river: "The trout always lurks where the food gets thrown in." This man who succeeded Filbinger now campaigns for Christian ethics, "something like an erstwhile butcher discovering vegetarianism."

Moreover, according to the SPD Spaeth is someone "running after the man from Sonthofen." Thinking of him, all praise to the Federal Government which is doing everything possible in the current international situation to prevent "actions and reactions from becoming a chain of misfortunes." Asking, on the other hand, what one could think of a party "which sees its election chances rising when the cold war approaches nearer."

At the end Eppler was hard put to it to raise his arms to the grateful applause surrounding him. It almost looked as if he were slightly abashed. And yet he had just pleaded for a spirit of humanity to be reflected in our attitude to other people and spoke of the many who are fearful, depressed, sick and lonely among us, of the needed "growth within us."



## SPD YOUTH WING FALLS OUT WITH RAU IN NORTH RHINE-WESTPHALIA CAMPAIGN

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 23 Jan 80 p 1

[Report by Lothar Bewerunge: "Grumbles in the Ruhr SPD"]

[Text] The Social Democrats in North Rhine-Westphalia cannot have many expectations with regard to the Young Socialists, whether in the forthcoming provincial assembly or the subsequent Bundestag election campaigns. Last weekend the SPD youth organization almost unanimously decided not to bow to the decision adopted on the energy issue by the Berlin federal party congress. These decisions therefore will not be so loyally supported as demanded by Land chairman and Minister President Rau. Instead new campaigns will be launched against nuclear energy even amidst the election campaign which Rau must win in the Ruhr at any cost. The organization will work even more closely with citizen initiatives and--that is a clear signal--it will no longer ipso facto consider the Greens or the Alternatives political enemies, merely "rivals" competing for the same goal.

## How Much of a Hindrance Are the Jusos?

Juso [Young Socialist] resolutions of this kind--which also speak of the "social democrat arms ministers," the "SPD's nuclear line" and "fundamentally wrong decisions by the party"--are bound to make the life of the chief Land minister that much more difficult. This is especially so because Rau is making a point of his allegiance to Helmut Schmidt, seeing that Brandt is no longer persona grata on the Ruhr. Since the Jusos have declared their opposition Rau must accept the fact that the Land party youth is not inclined to help steer young voters to the polls on behalf of the SED. Admittedly, experienced party members are not the least bit worried. They tend to remember that the Jusos have never had much impact with regard to the SPD's electoral successes in the Land.

Still, there are other reasons to doubt whether another election success will be achieved on 11 May in North Rhine-Westphalia, and they loom large. Rau himself considers it a very difficult task indeed to rouse the SPD's old guard of voters in his Land while simultaneously gaining additional following among the young generation. Both are needed if the SPD is to



achieve its goal of once again becoming the strongest party in the Land. It has not been so since the 1966 provincial assembly elections when it polled just less than 50 percent of the votes cast.

A look at the election results in North Rhine-Westphalia, from federal down to local level, shows that the SPD has suffered an evident erosion in the past 14 years. In the communities it declined by nearly a million votes to 44.9 percent from 1975-1979. At the 1975 provincial assembly election its vote shrank by 1 percent to 45.1 percent compared to 1970. At the 1972 Bundestag election it managed to hold 50.4 percent; by 1976 its support had dwindled to 46.9 percent. Last year's European election spelled disaster--3.7 million SPD voters among 12 million potential voters in the Land. And there at least SPD and labor union had made common cause in public.

Since then complaints are getting louder in the party that it is almost impossible now to "mobilize" the old guard of voters. Studies have shown that the SPD vote in the working class districts of Cologne has dropped to less than 30 percent. So far the SPD has still not decided on the tactics to adopt in the next election campaign. Rau would like to carry further his kind of political self-definition and move toward bourgeois integration, in other words to woo CDU voters. That corresponds to his conviction that there is not much to be gained on the left.

In the party, on the other hand, unease is on the rise. The Young Socialists admit that they have hardly any new recruits. SPD membership has long stagnated. Many Social Democrats are inclined to believe that the party must "show more red, so that there may be less green." Rhenish district chairman Schlatter, somewhat to the left of the spectrum, explained recently just what that means: Senior SPD politicians in Bonn and Duesseldorf, he lamented, were behaving just like "power-crazy managers." Especially young voters, he thought, were repelled by the image of the SPD as a party viewing power as the be-all and end-all. The political convictions of social democracy were no longer to be found in the SPD election programs: "Unless we reaffirm socialism in 1980, we will lose the battle against Strauss; in that case we will have no chance against the entire reactionary morass in this country or the general reactionary groundswell."

The SPD and its minister president exemplify that which separates the party and the government. Rau must say that the Land's difficulties are largely at an end, despite the billions in subsidies for the Ruhr. In his election program he certifies himself a "good and respected minister president," similar to Heinz Kuehn whom the party drove from office in 1978.

#### Not Rau's Style

Rau also has trouble defining himself vis-a-vis the party. He speaks of a "dialog with the citizens." The party reproaches him with indecision. He likes to say that politics must be conducted "reflectively, not by shooting off one's mouth." The party would prefer "Brother Johannes" sometimes to

strike at the noisy Koeppler and over-aggressive Biedenkopf. But that is not Rau's style. Never would Rau allow himself to say (as Kuehn venomously did) that an election victory of the Union would make the republic ungovernable.

The numerous rumbles in the SPD of this Land, however, are also due to the angry appreciation that in the coming 5 years the party will again owe to the FDP alone its governing power in Duesseldorf, provided that party manages once more to get into the provincial assembly. If not, the SPD could hold on to power only by getting more votes than the CDU. But would it be possible for the 45 percent of 1975 to overtake the 47 percent of the Union? And that in an election campaign where the Greens threaten to invade the Ruhr sanctuary of the SPD, and its own party youth is about to desert it?

On top of everything else Rau's deputy Land chairman Zoepel (also minister in the Bundesrat) got himself involved in a conflict with the trade union federation. Zoepel would like to see the SPD devote more attention to the upward mobile and--to quote the imprecise definition--new middle class. At the same time he steadily avoids any talk of socialism. Zoepel's assertion that neither conservatism nor the tradition labor movement are liberal promptly incurred for him the DGB verdict that a typical young SPD intellectual was about to betray the party of employees.

Johannes Rau has so far been minister president by the choice of the coalition majority, not the voters. He obviously has many reasons for better defining the rather vague image of the North Rhine-Westphalian SPD. At the forthcoming election congress the compelling need for unity should make it easier for him. At the same time all parties in North Rhine-Westphalia are bound, since the beginning of this year, to consider a new element which so far is fairly incalculable: How much and to what extent will the new discussion of foreign affairs in the sign of Afghanistan, concerning also security and detente, really engage the voters? And how will this background affect the election campaign between Schmidt and Strauss in the Ruhr where, in any case, Rau and Koeppler must take a back seat.

11698  
CSO: 3103

## CONFLICT WITHIN NORTH RHINE-WESTPHALIA COALITION MAY AFFECT ELECTION

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 22 Jan 80 p 6

[Text] Barely 4 months before the provincial assembly election in North Rhine-Westphalia a series of conflicts has erupted in the SPD-FDP coalition. Some of them seem no longer to admit of compromise, so that, for the time being, many planned reform projects cannot be carried out.

In the course of the so-called functional reform between Land and local competences--a consequence of the earlier local district reforms--there will now be no opportunity for reassigning labor court districts and trade and industry supervisory agencies nor of reclassifying police districts. These projects are so intimately linked with SPD and FDP power politics, including personnel issues, that neither government party is keen, before the assembly elections, to risk difficulties between the assembly groups and local political organizations. Government draft legislation already in hand was therefore either withdrawn or progress in the assembly stopped. The CDU opposition talks of "niggardly deception" which demonstrates the weakness of the government and its minister president.

It is also unlikely that a majority could still be achieved for the government's draft education act. Though the SPD still urges discussion and enactment, the FDP has submitted its own proposals because it regards the government paper as "perfectionist and bureaucratic." The FDP wants the government draft to be tested in plan games; the SPD for its part does not wish to accept this suggestion because such games would prove inconclusive also. Another dispute concerns the text of the directives on extending compulsory schooling by 1 year to 10 altogether; at issue here is the question whether the 10th year could also be spent in vocational training at commercial enterprises.

Directly related to the election campaign are the differences between SPD and FDP regarding the future of social housing construction. The budget appropriations for 1980 earmark DM1.75 billion for about 20,000 new subsidized housing units; the SPD wishes to increase this sum by another DM320 million. Interior Minister Hirsch and his FDP reject this out of hand because he deems

the potential to be exhausted. Hirsch fears that another injection of government funds will drive construction prices so high as to destroy the market. He considers fundamentally wrong the SPD's assumption of "making people happy by the largest possible volume, however it is financed." Not everything desirable can possibly be afforded. SPD assembly group chairman Haak countered by saying that Hirsch ignored the problems of housing construction, especially on the Ruhr.

Conflicts of this kind should really not occur at all. SPD and FDP agreed in their 1975 coalition contract that legislation and motions should be submitted jointly, and that a definite "duty to keep the peace" should prevail for the last 6 months before a provincial assembly election, during which the two government parties could launch any political initiative only "in complete mutual accord." The contract also stipulates that votes with changing majorities should "on principle" be avoided. The 1975 contract which made the coalition committee the center of government operations, is under heavy strain in Duesseldorf just now.

Nevertheless the FDP Land congress meeting next weekend will give the SPD an official undertaking with regard to the maintenance of the Duesseldorf coalition through 1985. The offer adopted at the meeting chaired by Hirsch will be so drawn as to be acceptable to the SPD. It will focus on supporting the present Federal Government beyond the coming Bundestag election. At Land level it is intended to stress the necessary consolidation of monetary policy, emphasis on sensitivity to public wishes and the maintenance of educational separation side by side with the simultaneous introduction of comprehensive schools wherever parents so wish. The FDP also stresses environmental control and internal security.

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CSO: 3103

## DEFENSE MINISTER APEL WANTS IMPROVED NCO TRAINING

Bonn DIE WELT in German 10 Jan 80 p 2

[Article by Ruediger Moniac: "Apel Wants To Train Noncommissioned Officers More Thoroughly"]

[Text] Supervisor, Instructor and Specialist--  
All at the age of 20.

Every officer of the Bundeswehr is aware of the fact that his company or battery would have zero combat or operational capability without its NCOs. The latter, also known as lower echelon leaders, bear the brunt of the effort in training and guiding the draftees. The recruit sees only the NCO on a daily basis; he talks with the company commander for 3 minutes per month at most. At present, the army has about 78,000 NCOs, the air force 35,000, the navy barely 14,000. They are supervisors and some are expert technical specialists. At present, a private is promoted to NCO after 1 year's service. At that stage, his average age is 20 and his gross earnings amount to DM 1,460.42, if he is single and lives in barracks.

Bonn. The services' complaints to the Federal Defense Ministry about young NCOs' inadequate capabilities and about their inexperience are about to receive some action. On instructions by Minister Hans Apel, several departments and sections of the Hardthoehe have developed a plan for improving the junior NCO situation. What it amounts to is to prolong these soldiers' training by 3-6 months. Apel plans to present this plan next Wednesday to the Bundestag Defense Committee, assisted by the Chief of the General Staff and the chiefs of staff of the component services.

At present it has not been decided how long a period of extended training the ministry will recommend. The ministry's operations staff of the armed forces recommends an extension of the training period by 3 months



in its study dated 10 December 1979, though it would in principle prefer a 6-month extension to attain a still more rigorous preparation of young lower-echelon leaders for their active service. In the discussion of its proposals, the operations staff is quoted as follows: "During a total training period of 18 months, training of NCOs could be planned and implemented in an all-around satisfactory manner. Within a total training period of 15 months only the main features of NCO training could be accomplished."

Should the minister accept this proposal without change, NCO candidates will be promoted to NCO after undergoing 15 months' training, effective with the beginning of next year. This means that draftees serving their basic 15-month military service period will no longer be used during that period as fully responsible troop leaders in combat and combat support units, especially those of the army. In current practice, suitable and appropriately trained draftees are promoted to the lowest NCO grade after 1 year's service, after which they spend 3 additional months giving military training and guidance to a group of soldiers almost their own age.

This situation has always caused great concern, especially to the army. In the air force, navy and the medical services there never have been that many complaints about the young NCOs' inexperience, because there the young soldiers frequently work in occupations where they acquire special knowledge and capabilities, without having to exercise leadership functions over other soldiers.

The operations staff's analysis makes no bones about the situation in the army. It describes the young NCOs as being unreliable in all three task areas: leadership, training and education. They limit themselves to teaching the handling of equipment and weapons but are seldom capable of recognizing defects of military bearing in their subordinates and to take corrective action. They have insufficient experience, insight and maturity, which leaves them barely able to evaluate the consequences of their own actions as supervisors. This causes them to make inappropriate decisions or to avoid making decisions altogether and thereby failure to assume personal responsibility.

In view of this general insecurity, these insufficiently trained NCOs shirk from effective control of their subordinates because they fear being unequal to the task of mastering a confrontation with them according to regulations.

The desired 15-month extension of NCO training in the armed forces would lead to an increased need for 4,914 candidates (army: 4,031; air force: 633; navy: 250). An extension to 18 months would, in Hardthoene estimates, jump additional requirements to 16,000. In view of the already tight manpower ceiling situation in the armed forces, this ratio will probably be the deciding argument for the defense minister to order a mere 3-month extension.

Despite this moderate extension in training time the armed forces are already worrying whether there will still be sufficient numbers of applicants for an NCO career.

## FRG PUBLICIST MISSES EFFECTIVE WESTERN CRISIS MANAGEMENT

DW011148 Hamburg DIE ZEIT in German 1 Feb 80 p 1 DW

[Article by Theo Sommer: "The Fear of War Is Growing Among the People"]

[Text] Will there be war? After a long time this word cropped up again for the first time in the New Year's messages at the turn of the years. Giscard used it as much as three times; the pope painted the horrors of nuclear conflict in drastic detail; and the bulletin of the atomic scientists, on the cover of which U.S. nuclear physicists have been symbolically announcing since 1947 what the bell is tolling for mankind, upped the hand from 9 minutes of 12 to 7 minutes of 12--after the invasion of Afghanistan by the Soviets the publishers wanted to move it to 5 of 12.

The horizon has grown gloomy in the first 4 weeks of the decennium. The warning of the nuclear scientists, otherwise rather a scorned arabesque, is suddenly being taken seriously by the people. "The danger of nuclear war increases, national and international action becomes irrational."--many people nowadays share this pessimistic assessment of the situation. According to the latest Emnid public opinion poll, 10 percent of the FRG citizens consider a world war in the foreseeable future probable, 48 percent consider it possible. The number of people wishing to emigrate has leaped upward.

War: Have we reached that point again? The danger of a resolute and intended clash can probably be ruled out. The Soviets still have to chew on the Afghan bone and will hardly plunge into new Middle East adventures. An attack on Western Europe, however, would be fundamentally different from the invasion of Afghanistan; we have an early warning system that works well, a U.S. military presence in the foremost frontline, and finally a U.S. nuclear guarantee which, notwithstanding all its dubiousness, could be disregarded only by people tired of living. All the more suicidal would be a direct strike against the United States. The United States is still the stronger of the two superpowers--President Carter has just said so again without beating around the bush. The actual danger is a war which nobody really wants into which the states skid helplessly as they did in the summer of 1914.

What could be done about it? To begin with, it is important to put up a barrier in the Middle East against any further Soviet expansion. Second, it is indispensable to map out a Western strategy which will combine firmness with flexibility and allow the allies tactical deviations under strategic concert. In third place we must make every effort toward keeping the line to Moscow intact and refrain from severing contacts so as to avoid talking passionately into existence the crisis from which renewed cold war or even a hot shooting war might emerge.

President Carter has now drawn a line for the Soviets in the Middle East. "Any attempt by a force alien to the region to subject the area of the Persian Gulf to their control shall be deemed an assault on the vital interests of the United States. It will be repelled by all means necessary, including military force," he announced. A special passage was devoted to Pakistan, with Carter promising: "The United States will act to support Pakistan in its resistance against any aggression from outside."

Much of that is not quite in focus--vaguer even than the Eisenhower doctrine of past times. Neither the area of protection nor the D-day case have been clearly defined. Besides, the United States now has a new doctrine, to be sure, but not any new muscles. The planned rapid deployment force of 110,000 men will be complete 3 years from now at best. Considering the way in which the Americans are slicing up their divisional quotas--the proportion of logistics to combat troops--the rapid deployment force will never be capable of counteracting Soviet actions such as the one in Afghanistan; it will have a hard enough time intervening effectively in minor Middle East crises. The establishment of bases in the Indian Ocean, too, takes time. Until then the American atomic bomb alone can preserve the oriental peace against the Russians.

The new "cooperative security framework" which Carter visualizes would be built on sand anyway unless it were accompanied by a first-rate diplomatic effort toward winning over the countries of the region politically as well. The conference at Islamabad has shown that the Muslim states sharply condemn Moscow's expansion, which does not yet mean, however, that they thereby already turn toward the Western superpower. Their thinking is determined by a strong neutralist trend. They would like it best if they had not much to do with either of the two great powers; many of them were very much irked by the fact that Carter without hesitation declared them an area of protection without even asking them. This will not change fundamentally as long as Washington fails to advocate real Palestinian autonomy much more expressly than heretofore--meaning the future promise of a Palestinian state which Israel, after Afghanistan, has been rejecting even more vehemently than before. In this respect, just as in the political and economic consolidation of the Middle East states, an important role also falls to the European's share.

What has been strikingly lacking so far between the United States and Europe is consultations and coordination. This is especially attributable to

Carter's habit of making decisions dropwise and, in so doing, reporting the most important ones only after they have been implemented. Bonn learned about the cutoff of the SALT ratification from the news agencies, and U.S. Deputy Secretary of State Christopher passed off as "currently not topical" the olympic boycott just a few days prior to its announcement. The insistence on solidarity, meanwhile, causes irritation where it is being based solely on post-facto information and not on preceding consultation. It cannot be helped; solidarity presupposes information, even codetermination.

[DW011208] Meanwhile, it is possible indeed to play with roles that have been distributed within the framework of an "overall strategy." Not all allies need to do the same thing. But the sacrifices of the joint strategy must hit all alike. Deviations from the course of action of the alliance should stem from accord rather than from willfulness. Granted, if worse came to worst the Federal Republic would have no choice but to join the United States with respect to both the nonparticipation in the olympic games and the imposition of a trade boycott, as our security and that of Berlin depend too much on the Americans for that. Yet voluntary following would be better in any case than Nibelung loyalty with gritting teeth.

The Europeans must proceed from the premise that Jimmy Carter means it this time. In the 3 years of his term he has twisted around so often vis-a-vis the Kremlin and displayed so much lack of consistency that he simply has to be consistent now--to justify himself not only to himself but also to the voters in his country among whom patriotism is popular again. His studied hardness, however, harbors many a danger. It would be up to the Europeans to take some corrective action here firmly, yet without hurting any feelings.

There is, for one, the danger of ultimatum-type high-noon diplomacy. The villains have to be out of town by sundown--you just cannot deal with the Soviets in Afghanistan in accordance with this motto. It is necessary to leave some interim solutions, ways out of it, compromises open for them. How about an arrangement under which they pull out all heavy units constituting a threat to the neighboring states, leaving only lightly armed forces in the country, glorified police forces, as it were? Or what about the establishment of border zones in Afghanistan where the Russians stay out altogether?

The second danger lies in the fact that a policy of spite aiming, primarily, at "punishing" the Soviets may well spoil many achievements of detente policy which are advantageous to the West. Options for granting protection to Moscow's dissidents indirectly are dwindling--Sakharov's deportation proves it. The East European states will be totally forced back into obedience to the Kremlin. A freeze between the two German states--no sports exchange, no cultural exchange, fewer meetings in the event of a second cold war--would touch the substance of the common nation.

Finally, what is quite obvious is the danger of a totally unrestrained arms race. Under the provisions of the SALT I agreement, only temporarily



prolonged, the Soviets would have to scrap their first intercontinental missiles sometime this spring. Will they do it? Will they abide by SALT II even if its enactment cannot be anticipated for the time being? Will they cooperate in SALT II or in the Vienna MBFR negotiations? Or will a new armament begin? If so, it would not only be the East with its notoriously inefficient economy that would start skidding. The West would suffer as well: Increasing inflation rates and growing budget deficits would be a sure consequence.

Even if the fear of war might be exaggerated--what an aggravation of the world crisis can bring to all of us is terrible enough. This raises the question as to what the statesmen are doing, anyway, to banish the anxiety of the peoples. They will climb to the highest summit for 2 percent growth or 5 percent energy saving. In the middle of the Yom Kippur war, when things were on the razor's edge, Kissinger went to Moscow. Now, there is not the slightest breeze moving the tree tops. Where is the much-praised crisis management?

CSO: 3103



## FRG COMMENTATOR CALLS FOR ACTION ON WESTERN SOLIDARITY

DW011225 Frankfurt FRANKFURTER ALLGEMEINE in German 31 Jan 80 p 1 DW

[Commentary by Fritz Ulrich Fack: "Action Is Required"]

[Text] Nobody still dares to say that Afghanistan was just a small accident of the otherwise long obsolete world revolution and that one ought not to overrate the whole affair. Those who think like that wisely continue to keep their mouths shut. But announcing that the chancellor wants to visit Brezhnev in the near future 5 weeks after the invasion is obviously considered opportune with a view to the voters. In the next Afghanistan case one really ought to react energetically, says the chancellor.

Anglo-Saxon solidarity, it is true, is meeting its test once again at present. Otherwise the applause for the firm stance of the American President is meager, and in a few weeks one could consider him a troublemaker who had overreacted for domestic political reasons. Under such circumstances it is useful to deal a bit more closely with the situation the Soviet analysts have certainly been pointing out to their leadership for a long time. It looks as follows: The future of mankind numbering already 4 billion people, which will be doubled in another 40 years, on a planet that is becoming more and more confined depends decisively on the availability of sufficient quantities of energy. It also applies to the two big political systems in the world that only the one will survive that will be able to solve that task in its field.

Almost half of the world's energy consumption involves oil. Its becoming scarce in recent years creates significant economic difficulties in the East and in the West: Inflation, imbalances in the balance of payments and decreasing growth rates in both systems, with unemployment and social conflicts here and shortages and intensified criticism of the system there. These conflicts can be fought out in free societies; in the East Bloc, however, they lead to growing internal social pressure, which in turn and thereafter--as a valve--creates increased outward aggressiveness.

That is the situation with which the world will be confronted more and more every year. In matters of oil policy the Soviet Union is forced more than

any other country to make the first move. The statistical range of the proven oil reserves of the entire East Bloc with its present production volume amounts to all of 19 years; the reserves of OPEC countries available to the West with its strong foreign currencies will last for 41 years. Today the Soviet Union is still an oil exporter which makes half of all its foreign currency gains in this business. But already in the second half of this decade the East Bloc will have to import oil in order to satisfy its increasing demand at a time of stagnating oil production.

The worldwide situation is becoming more critical because at least the Arab oil-exporting countries are increasingly less prepared to extract their (oil) wealth from the ground with all strength. They have announced that in the future they will pursue a more restrictive production policy. Indeed they have reason enough--if one thinks of the shah--to watch out for the economic, social and social-cultural consequences of their oil policy and the ensuing monetary blessing.

If there were not Saudi Arabia with its oil policy aimed at reason and equalization, which over and over has supported the Western position and the oil supply of America, the situation today would be far more precarious. But also in that country doubts have been heard lately about whether one has been betting on the right horse--the weak American reactions to the Soviet advance in Africa and Asia gave reasons to ponder.

The decisive reaction of President Carter to the Afghan provocation of Moscow was therefore so valuable because in the eyes of these people it marked the turning point. Who would have thought 3 months ago in Riyadh, Oman or Kuwait, when everything revolved only around SALT II, that the American President would declare the Persian Gulf an area of American interests and protection? If the Soviet policy in this area is aimed at intimidation--in order to come closer to the enormous oil potential (one third of the world's production)--stabilization can be expected to come only from an energetic countermove.

What America is doing there simultaneously serves the vital interests of its allies. One must, therefore, be grateful to the German opposition that it speaks up so clearly in favor of solidarity with America, down to the certainly not very popular suggestion to also give a moral sign through a worldwide boycott of the olympic games. That was a decision and Strauss justified it that way, which had soberly taken into consideration the situation in the world as it has developed, realizing that Afghanistan was not an accident but a stopover in accordance with the schedule of a world revolution in a region that is of decisive strategic significance for the future.

The Federal Government assures that it wants to comply with the American appeal. However, that must be proven with action and not merely with television statements. As regards action, it is certainly not a good beginning that the federal chancellor wants to go to Moscow this spring, while the Kremlin keeps quiet about it.

## BRIEFS

**WARNING AGAINST MILITARY ACTION--Bonn--**The EC commissioner responsible for energy, Guido Brunner, has warned against military actions in the Persian Gulf to secure the European community's oil supplies. Brunner said today at an event staged by the "Action Group for Social Market Economy" that "this is not the moment to make the military responsible for securing our oil supplies." In Brunner's view action of this kind would be the "final declaration of bankruptcy by the world economy and the monetary system." The pressure and counterpressure of political and military action of this kind would immediately break the very sensitive economic and human links created in years of work between East and West. The EC commissioner said that the "final struggle for oil has not begun at all." The conflict in the Middle East is not primarily an economic war and a dispute about the supply of oil, but a confrontation between the two world powers, the United States and the USSR. Brunner said that this complex conflict relates to the long-term balance of power in the Middle and Near East. [Text]  
[LD041130 Hamburg DPA in German 1004 GMT 4 Feb 80 LD]

**CDU CAMPAIGN GROUP--**An "Action Group Liberal Policy" has been established in North Rhine-Westphalia. In the coming months this group intends to call upon citizens to vote for the CDU. The group unites many former FDP politicians some of whom were earlier involved in the National-Liberal Action. It is their intention to "help" the FDP fail to clear the 5 percent barrier, because the SPD would then be unable to govern and lead to the "urgently needed change of government." Former FDP chairman and federal minister Mende, former Land minister and FDP Bundestag deputy Kienbaum and the former FDP assembly group chairmen Lange and Herbst (North Rhine-Westphalia and Schleswig-Holstein respectively), introduced themselves in Duesseldorf as spokesmen of the action group. They emphasized that they intended neither to found a party nor be candidates for election. It was their concern by public meetings and appeals to clearly explain to the voters that the FDP, now steadily by the side of the SPD, only pretends to pursue liberal policies but is in fact guilty of "deceptive labeling" simply to keep power. Mende said the FDP had lost the right to remind the public of politicians such as Heuss, Dehler and Reinhold Maier. The action group not only calls on voters to vote for the CDU in the provincial assembly election, it also intends to support chancellor candidate Strauss in the Bundestag election. [Text] [Frankfurt/Main FRANKFURTER ALLGEMEINE in German 22 Jan 70 p 6/ 11698]

## SAARINEN AGAIN EXTENDS HAND TO STALINISTS IN BID TO END DISPUTE

Helsinki HELSINGIN SANOMAT in Finnish 15 Nov 79 p 12

[Article: "Saarinen Again Corrects Taistoites, Fraternal Parties Amazed at Finnish Communist Party"]

[Text] According to SKP [Finnish Communist Party] Chairman Aarne Saarinen the most recent opinion polls and the election results of the Metal Workers Union confirm the fact that the behavior of the minority in the Communist Party decreases the prestige of the party.

Saarinen, who spoke in Joensuu, emphasized that the behavior of the minority does not even correspond with its aspirations or goals for strengthening its own position. Also according to Communist leaders in fraternal parties people have begun to be amazed at "the situation prevailing in our party."

Saarinen's Joensuu speech was the third time in a short period of time that he scolded the Taistoites. The two previous times was before the metal elections.

Saarinen took the subject for his Joensuu speech from the fact that the most recent opinion polls indicate that communist support is on the decline. Also in the metal workers' elections Communists lost seats to the Social Democrats and the Center Party. The Communists were also defeated in the area of heavy metal, which they had been able to take from the Social Democrats four years ago.

In Saarinen's opinion the most serious thing in the behavior of the Taistoites is that the minority's "appearance as a separate faction contrary to the decisions of the party congress and the regulations of the party weakens the influence of the whole party."

The SKP Chairman once again appealed especially to responsible Taistoite leaders to restore normal party life.

In Saarinen's opinion it is not possible to keep on giving a certain faction special privileges without any limits.

He considered preparations for the 1981 Congress to be especially important. Saarinen stated that unless unanimity is reached in all issues a vote must be taken at this 19th Congress.

He considered this to be necessary so that there would be greater clarity with respect to what the congress has decided and so that no one can justify factionalist activity by arguing that decisions of the congress have been violated.

Saarinen pointed out that the Communists want a change in the system. Capitalism in his opinion is based on the pursuit of material gains.

These and other bourgeois values are deeply rooted in the minds of the people, Saarinen stated and conjectured that this is so since one must live according to the law of wolves when among wolves.

In talking on behalf of change Saarinen recalled the collapse of the Roman Empire which was noted for the lifestyle of its aristocracy: one had to induce vomiting in order to continue eating.

10576

CSO: 3107



## SWEDISH BUSINESS MAGAZINE SEES DIFFICULT ECONOMIC SITUATION

Helsinki HELSINGIN SANOMAT in Finnish 19 Dec 79 p 30

[Text] Less favorable times are ahead for the Finnish economy. The decline is foreshadowed by the uncertain situation in the United States, the worldwide currency crisis, and the prospect of political conflicts. In its annual forecast, the Swedish language business magazine FORUM expects prosperity during the first half of 1980, with a downturn in the second half.

FORUM's forecast panel this year includes Timo Relander from the finance ministry; Pekka Korppinen, director of the Labor Economic Research Institute; Tauno Ranta, manager of the Commercial and Industrial Research Institute; Kalevi Kosonen, director of National Bank; and FORUM's own forecaster Gosta Mickwitz, professor of economics at Helsinki University.

The forecasters are nearly unanimous on an increase in the GNP next year. Three panelists anticipate a 5 percent increase, one 4 percent and one 3 percent. Estimates of expected increases in investments vary from 20 to 30 percent. They are also unanimous on increased industrial production. But on a trade deficit, predictions varied from 2 to 4.5 billion marks.

"All Predictions Too Rosy"

Relander says that all the forecasts for next year have been too optimistic. "According to data from both capitalist and socialist countries, Finland will encounter increasing difficulties in export sales." He says that for this reason, he is definitely pessimistic about next year.

The panel members all agreed, though, that the first half of 1980 would go well. The primary concern is when the turning point will come and how low the trend will go. The weakening of the dollar has made American goods more competitive, which has resulted in more competition for Finnish exports.

Tauno Ranta expects only a 2 or 3 percent increase in exports. Korpinen and Kosonen were not so pessimistic. Korpinen predicts a 5 percent increase and Kosonen 4 percent. Korpinen says that Scandinavian economic progress over the last few years has been better than expected. Korpinen emphasizes that exports to the Soviet Union can be increased because of higher oil prices.

Kosonen feels that prospects for exports from the metals industry are good, but that the forestry industry has reached its ceiling. "Investment will be brisk, which will affect bank lending forecasts. Currency stabilization will bring about worldwide surprises next year." The forestry industry will decline so that wood exports will drop below this year's level. Finland's currency policy has given our competitors a 10 percent price advantage.

### "Overheating Is An Illusion"

Korpinen says that world forestry capacity has not grown at all. The oil crisis will bring about an increase in the demand for wood products in areas such as construction.

Mickwitz does not believe that there is a danger of overheating. "A lot depends on when the decline occurs. According to some forecasts, the downturn could happen as early as spring and there is no chance of overheating getting started before then."

Banker Kosonen thinks that overheating is an illusion, but Korpinen feels that it has already happened in the forestry industry. "The price of standing timber is already much higher than was agreed upon, and the wood shortage will result in decreased production in some areas of the industry."

Increased investments and a resulting trade deficit of a billion marks will have an impact on the money market. The major firms have already secured their financing for next year, but for the others it is still open. Mickwitz feels, therefore, that projects requiring capitalization will be approached very cautiously. Kosonen sees two ways to finance investments: importing more capital or raising interest rates. He says that Finland must adjust to the high rate of inflation in Western nations and that revaluation would be one alternative to raising interest rates.

The FORUM panel predicts an unemployment rate of 5 to 6 percent next year. There is concern that employment has not been increased as rapidly in good times as it was 5 years ago.

Forecaster	GNP Growth	Trade Deficit Billion marks	Industrial Production	Investment Growth
Relander	+4	-4	+5	+20
Ranta	+5	-5	+6	+25
Korpinen	+5	-2	+6	+20
Kosonen	+5	-4.5	+6	+30
Mickwitz	+3	-4	+3	+20

Except for trade deficit, all figures indicate percentage of change from previous year.

9551  
CSO: 3107

## PARLIAMENT PASSES BUDGET WITH ONLY FEW CHANGES

Helsinki HELSINGIN SANOMAT in Finnish 20 Dec 79 p 10

[Excerpts] Parliament completed work Wednesday on next year's income and expenditure budget. The session had begun just after midnight so that work on parliament's budget reply could be finished today.

Parliament approved the government's draft budget without amendment, vetoing some 1,100 amendments proposed by the opposition. In voting which lasted over a week, all opposition appropriation bills were defeated. Having finished the budget, the legislators leave today on their Christmas break until December 28, when they will wrap up this session of Parliament.

Last night, Parliament made the only minor adjustment in the government's draft budget--a correction of what the members considered to be a technical oversight in the legislators' own group life insurance plan.

## Budget Decreases by 180 Million Marks

The total of next year's budget is 48,700,755,000 marks. Parliament came up with the figure after working over the government's 1980 budget proposal since early fall. Oddly enough, the budget total decreased by more than 180 million marks during the debates from the 48,887,000,000 proposed by the government.

The government will not be able to get along on even this amount, since financing government expenditures usually requires two or three supplementary budgets, which would raise the total over 50 billion marks.

The new budget provides for a new payroll deduction and increases in existing deductions. The lower limit for the wealth tax was raised to 180 thousand marks. The tax tables will be adjusted to allow for inflation.

Child subsidies will be increased next October by 10 percent or 112-192 marks annually. The supplementary subsidy for children under 3 years old will increase 20 percent. On May 1, childbirth leave will be extended to 234 working days and the childbirth subsidy will be raised 25 percent.

Employer contributions to the child subsidy will be discontinued, industrial value-added tax relief will continue, though at a somewhat lower level in relation to investments.

As usual, the budget calls for several price increases. Tobacco and alcoholic beverages will be more expensive, hospital charges were raised one mark, the charge for health center visits will stay at 6 marks despite the original intention to eliminate the fee. Train fares will be more expensive, magazine and newspaper postage will increase and employer pension contributions will rise to 13.3 percent.

During the debates, the government withdrew a proposal to postpone payment of refunds from this year's taxes until March, 1981. The entire opposition in Parliament opposed the plan. A deficit of 1.6 billion marks was covered by increasing government borrowing to 7.9 billion marks, resulting in a 30 million mark increase in interest payments.

Expenditures were reduced 2.9 million marks by delaying refurbishment of the prime minister's official residence at Kesaranta. The appropriations committee increased the budget total by 80 million marks, of which 25 million was appropriated for increased development funding. Ten million marks will go towards decreasing the size of classes in the elementary schools. Another 10 million went for so-called "Christmas presents" to organizations and institutions close to the political parties.

9551

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## GOVERNMENT PRESENTS FINAL 1979 SUPPLEMENTARY BUDGET

Helsinki HELSINGIN SANOMAT in Finnish 17 Nov 79 p 8

[Article: "Supplementary Budget to Provide More Mail Distributors for Postal Service and Fish for the Kemi River"]

[Text] The state will increase the cultivation of valuable fish in Lapland so that enough fish will be planted in the Kemi River by the time the decision of the courts concerning the fisheries obligations of the Kemi River comes down. The postal service will receive 65 new employees to accelerate the faltering postal service. The Finance Ministry will employ two new examiners to root out suspicious savings fund matters in the coops. The arts and sports will both receive more than 20 million markkas in additional support from an anticipated larger betting yield.

The above proposals are contained in this year's last supplementary state budget, which the government presented to the Diet on Friday. The final sum of the fourth supplementary budget is nearly 1.5 billion markkas. Thus the government has compiled 3.6 billion markkas' worth of supplementary budgets for this year.

The year's last supplementary budget is traditionally the so-called collection budget by which the whole year's budget is made responsible for actual developments.

The largest single expense item of the final supplementary budget is the 575 million markkas allocated for the import trade fund, which will be used to cover the price difference caused by the sharp increase in world market prices for oil. Other expenditures in this supplementary budget are primarily the result of an increase in expenditures, the providing of employment, the agricultural income solution in the fall, and the stockpiling of oil.

## No Prejudgment on the Kemi River

The government is participating in the hotly debated Kemi River dispute by proposing that 1.3 million markkas be allocated in the supplementary budget

for developing the stock of fish in the Kemi River. The government has added its own statement regarding this point.

The government has announced that with this money it does not intend to pre-judge the water rights decision in the fisheries obligation matter of the Kemi River, on the basis of which the possible responsibility of the power corporations will be determined.

"The government's decision on increasing the output of fish fry in hatcheries and natural feeding ponds already operating in the area of Lapland is a unilateral action on the part of the state for ensuring that there will be a sufficient supply of fish fry when the fisheries obligations of the Kemi River are put into effect," explains the government.

The Ministry of Agriculture has estimated that the fisheries obligation will cost 6-7 million markkas.

"If the Council of State and the power companies can come to an agreement on the adoption of immediate pisciculture measures on the basis of a water rights decision, or if the issue is resolved in another manner, construction on a new fish hatchery and natural feeding pond capacity must begin," states the government.

In connection with the Kemi River the Vaasa Higher Court dealing with water rights will receive permission to hire an additional temporary work force to accomplish added office work.

#### Postal Service Troubles To Be Eliminated

The postal service, which has become generally mired down, will receive assistance with the hiring of 65 new employees. In this way an attempt will be made to accelerate postal service. According to the government the troubles in the postal service are at least partially the result of difficulties connected with the start-up operations of the Pasila Sorting Center. Additional personnel is needed since the new system is not able to free people for distribution and customer services as quickly as had been planned.

Once again tens of millions of markkas will be sunk into agriculture. An additional 40 million markkas is proposed as aid for enterprises in developing areas. Finland intends to participate in the increasing of the capital stock of the International Funding Corporation (IFC) by contributing 3 million. Ninety million markkas will be expended for the stockpiling of heavy fuel oil. The developing area fund will receive a loan of 33 million markkas and employment will be secured by more than 150 million.

#### Refugees and the Old University Clubhouse

Finland's humanitarian aid will be increased. The starving in Kampuchea will receive 2 million markkas, Indochinese refugees 4 million, and the

victims of the earthquake in Yugoslavia will receive 400,000 markkas.

The government will provide 800,000 markkas in assistance for renovating Helsinki's old university clubhouse and 150,000 markkas for making Kuopi's Snellman House into a museum.

The government estimated that the yield from the income and property tax will be 820 million markkas and the yield from child subsidy payments from employers will be 830 million markkas less than what was estimated in the original budget. This is the result of economic restoration measures as well as the payment of a portion of the tax returns from 1978 during this coming December.

Correspondingly, the productive value of indirect taxes and payments will increase to a total of approximately 1.5 billion markkas.

After this fourth supplementary budget the budgeted expenditures for the current year are approximately 47.2 billion markkas and income is approximately 46.5 billion markkas.

10576

CSO: 3107

## ARMED FORCES COMMANDER SAYS SUPPLY SITUATION POOR

Helsinki HELSINGIN SANOMAT in Finnish 13 Nov 79 p 7

[Article: "Gen Lauri Sutela: Finland's Equipment Situation at Minimal Level"]

[Text] In the opinion of Gen Lauri Sutela, commander of the defense forces, Finland's level of armaments cannot be placed into "any kind of comparative position when it comes to discussing a reduction of the nuclear arms systems of the superpowers or other significant disarmament measures at that level."

Sutela stated at the opening ceremonies of the 74th defense course in the War College in Helsinki on Monday that during the whole postwar period our armament situation has been at a European "minilevel."

General Sutela stated that emphasis has generally been placed only on figures and dollar amounts concerning material supply. Defense forces must be developed on the basis of material, personnel, training, and other aspects.

"A Significant Step By the Soviet Union"

In his speech Sutela pointed out that the negotiations of the military alliances in the area of conventional weapons have not produced any results for the time being.

"With this background in mind there is reason to consider the Soviet Union's announcement of troop reductions in the GDR as a significant step in a positive direction."

According to General Sutela we have become accustomed to a stable security situation in northern Europe. Also it has become customary to treat this area as a peripheral region with respect to central Europe.

However, with the development of technology the strategic significance of the Nordic area is increasing. In connection with this the security policy

being carried out in the Nordic countries has become the subject of increasing attention. Because of our location, this also concerns us, pointed out General Sutela.

#### Aikas Explains Exceptional Conditions

Defense Minister Lasse Aikas (Center Party) emphasized national defense as a part of the security policy.

"Finland's national defense, which is modest from an international point of view, is not in contradiction with its peaceful foreign policy which is striving to promote detente. Our right and obligation to defend our sovereignty is internationally recognized," stated Aikas at the opening ceremonies for the defense course.

In talking about exceptional conditions Aikas stated that our freedom of action depends on our ability to survive an economic crisis. Our dependence on foreign products and raw materials seems to be growing.

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## BRIEFS

'TSARIST CENSORSHIP' FEARED--Liberal Party Secretary Kalevi Viljanen, who was especially concerned about freedom of the press, warned of the danger of the spread of prohibition type thinking in a statement in Turku on Wednesday. The LKP [Liberal Peoples Party] Secretary was astonished at what the opponents of Mainos' TV news are afraid of. Leading individuals in society are in his opinion demonstrating an admirable inventiveness in finding arguments for denying a free press. Viljanen believes that "this same solicitude for the so-called benefit of society will sooner or later result in proposals for limiting the irresponsible freedom of the press." [Text] [Helsinki HELSINGIN SANOMAT in Finnish 15 Nov 79 p 12] 10576

HAWK PARTS ACQUISITION--The cabinet has authorized the Air Force general staff to draw up an agreement for the shipment of Hawk jet fighter trainer fuselages and wings from England to Kuorevesi. The agreement calls for a total of 46 shipments during 1980-85. The shipments will require a specially built trailer equipped with air suspension and a separate carrier rack. The cabinet also approved purchase of testing equipment for the Hawk engines. The contract provides for 7 testing devices, which will be used in testing the engine's regulating amplifier and the functions of the engine itself. The testing equipment will be built by Instrumentointi Inc. of Tampere. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 31 Dec 79 p 6] 9551

CSO: 3107

## GREMETZ REPORTS TO PCF CENTRAL COMMITTEE ON MARCHAIS MOSCOW TRIP

LD051445 Paris L'HUMANITE in French 23 Jan 80 pp 8-10 LD

[Unattributed report giving extracts from the report submitted to the PCF Central Committee meeting at Ivry on 21 January by PCF Politburo member Maxime Gremetz: "Solidarity With Struggling Peoples"]

[Excerpts] Our 23d congress made a detailed analysis of the balance of forces in the world and defined our international strategy. Today our aim is to examine this analysis in the light of facts which have arisen since then and to verify the implementation of our policy and establish our tasks.

Our session will give us the opportunity to note the link which exists--to a degree which has rarely been so noticeable--between our class struggle in France against the government and to promote the workers' demands, the national interest and socialism, and the international class struggle.

#### Our International Strategy and Its Implementation

Our 23d congress defined the party's international strategy on the basis of a detailed analysis of the balance of forces which has just been confirmed by recent international events. Therefore our action is aimed at insuring that France makes its contribution to solving the world's major problems by taking initiatives and putting forward specific proposals.

At our congress we expressed this great international policy by defining four great objectives: the independence and sovereignty of nations, the fight for disarmament and peace, the need for a new international system and finally the struggle for a workers' Europe.

We must now examine how we have implemented this international strategy laid down by the 23d congress and report on the meetings we have just had with the PCI and CPSU.

#### Independence and Sovereignty

We have taken many initiatives to promote the independence and sovereignty of peoples.

Above all we have fought to safeguard our country's independence against the government's Atlantic alignment and against integration in a Europe under U.S. protection and German domination.

Maxime Gremetz recalled our struggle against any form of alignment, and our efforts to go beyond the blocs and move toward their simultaneous dissolution, and he recalled the action of PCF and associated French deputies in Strasbourg.

Our fight for independence and sovereignty is not limited to problem concerning France.

The speaker then mentioned solidarity with the Palestinian and Saharan peoples, and the meetings with Yasir 'Arafat and the POLISARIO Front secretary general--meetings which made it possible to raise emphatically the question of inviting Yasir 'Arafat to France and holding the joint PCF-PCI-PCE meeting on the West Sahara.

We must continue to extend this fight for national independence at the peoples' freedom for we have evidence every day that imperialism never willingly abandons its policy of pressure and interference. Therefore respect for the principles of independence and noninterference must be imposed by a constant and fierce struggle.

#### Peace and Disarmament

We have taken major action on the questions of disarmament and peace.

The right to live in peace is essential to all peoples. Faced with a revival of the arms race in the world, particularly in Europe, the struggle for peace has returned to the forefront.

That is why our battle in France has been characterized by many initiatives.

Maxime Gremetz recalled G. Marchais' approaches to the present of the republic during world disarmament week, and our party's struggle in organizing action against the Pershing and Cruise missiles.

We must also remember G. Marchais' important political initiatives in putting forward a proposal--which Giscard d'Estaing should answer--for a mutual security treaty between France and the USSR and in speaking during the censure motion submitted by the party on the Euromissiles problem.

This shows that we are involved in a great battle on this question of the struggle to halt the arms race and for steps to reduce arms levels. This struggle is an integral part of the class struggle and corresponds to France's vital interests and security.

## A New System

A major part of our international activity in the recent period has been connected with our struggle to establish a new world system opposed to malnutrition and underdevelopment.

The need for justice, democracy and equality among peoples demands the implementation of a new type of political and economic relations between nations, particularly with regard to the developing countries.

For instance, the aspiration of countries which produce raw materials to earn a stable and profitable income from their resources does not clash with the interests of peoples in developed capitalist countries.

Several trips made by the PCF secretary general bear witness to our concern over these major problems.

Maxime Grenet mentioned the meetings between G. Marchais and President Chadli Benjedid, President J. Broz Tito and President Fidel Castro.

The important meeting with Fidel Castro emphasized the convergence of interests between the peoples in developing countries and the workers in industrialized countries in the struggle against imperialism.

As the [Castro-Marchais] joint declaration stated: "More than 400 million human beings are suffering from malnutrition, tens of millions are dying every year for lack of medical care and 900 million people are illiterate. This situation is intolerable and is not inevitable." A whole series of joint proposals were put forward during this meeting.

In addition to this there are the proposals put forward by G. Marchais in his speech to the representatives of 57 Africa, Caribbean and Pacific [ACP] countries at the EEC/ACP meeting....

We are also taking action to insure that France, with its worldwide influence and its traditions of cooperation with many countries, plays a leading role in establishing more democratic relations among nations.

## Europe

The past 8 months have also been an escalation of our battle for a workers' Europe. We want to replace the Europe of the trusts by a Europe of social progress, broad cooperation with the rest of the world, a Europe of democracy, a peaceful Europe making its contribution to the progress of detente, disarmament and peace.

The speaker emphasized the importance of cooperation among communist parties in this connection.

This cooperation has been multifaceted since, in addition to political meetings proper, there have been other joint actions, especially among workers in the same branch of industry.

Maxime Grometz also stated:

In this respect we should note the consistent and regular cooperation with the PCI, for instance the two meetings in Marseille and Turin before the European elections.

#### Internationalist Solidarity

However, these four axes would not suffice to define our international strategy if we were to omit to emphasize the importance which our congress attributed to strengthening internationalist solidarity. Indeed, the extent of present international problems and the new opportunities produced by the successes of the revolutionary and progressive movement demand increased solidarity. Our activity in this sphere has been intense.

Of course, we show this solidarity toward all communist parties, and at the congress we came out in favor of establishing new relations based on the current situation in the international communist movement.

Indeed as [late PCF Politburo member] Jean Kanapa stressed in his lecture on the international communist movement, the diversity which characterizes the international communist movement and the differences of opinion which exist between parties do not constitute an obstacle to the development of cooperation and are, on the contrary, bases for a new theory and practice of solidarity.

As has been seen with the communist parties in capitalist Europe, many initiatives have been taken.

I will simply note our recent meetings with the Belgian Communist Party and the Swedish Left Party-Communists, at which we reaffirmed our common choice of a democratic path to socialism based on democracy and pluralism.

In addition we are planning a major meeting of communist parties from capitalist European countries on the crisis, which should produce an enriching exchange of views on this question.

#### PCF-CPSU Meeting

Maxime Grometz then reported to the Central Committee on the secretary general's recent meetings with the following secretaries general or heads of state: Tito, E. Gierek, Fidel Castro, Berlinguer and most recently L. Brezhnev, all of which produced joint declarations.



In view of the importance of this recent meeting with the CPSU, rendered extremely topical by events, the speaker gave full details on it. First he stressed the stages in the long preparations which preceded the meeting to insure its success. As regards the meeting proper, M. Gremetz summarized L. Brezhnev's speech. L. Brezhnev gave information on the situation in the USSR, whose industrial production has increased by more than 20 percent in 4 years and whose per capita income has risen by more than 13 percent. He also added that in the same period 1,000 new enterprises had been built and one-third of existing enterprises renovated, and stressed the efforts being made in house-building and the Soviet Union's energy problems. L. Brezhnev then raised some of the problems of the current 5-year period and stressed "the problems of implementing decisions and carrying out various tasks of economic management" which he regards as "key problems."

Stressing the need to introduce new methods of economic administration, he used the following image: "We must change the wheels of the economic locomotive while it is running." It is vital to overcome "the inertia of the previous period, and cadres must think and act in a new way."

L. Brezhnev then stressed the need to develop socialist democracy by increasingly diversifying the opportunities for the workers to intervene and participate and by enabling the broadest possible masses to monitor the activity of the leadership cadres. He added: "Without criticism and self-criticism socialism cannot possibly progress."

M. Gremetz remarked that the analysis of the main trends characterizing the development of the international situation which emerges from L. Brezhnev's account is the same as the PDF's analysis. Disarmament questions were then discussed at length by L. Brezhnev as were the problems raised by the recent NATO decisions. In this connection G. Marchais was to solemnly raise the question of whether the USSR still placed the struggle for peace and disarmament at the center of its policy. M. Gremetz stressed that the affirmative answer was clear and firm.

With regard to Afghanistan, L. Brezhnev specified that the Soviet intervention "was not an easy decision to take and that the pros and cons were fully weighed but that, finally, there was no alternative," in view of the extent of Pakistan's intervention and Amin's policy of repression which had brought the revolution to "the brink of defeat." He then stressed that both Taraki and Amin had already asked the USSR to make a military intervention, but the USSR had repeatedly refused. In view of the extent of foreign interference the USSR was forced to give Afghanistan military aid thereby honoring the terms of the treaty signed between the two countries.

Finally, with regard to relations between the two parties, L. Brezhnev noted the existence of differences of opinion between the two parties, but expressed the view that they were not an obstacle to joint PCF-CPSU struggle against imperialism and to promote peace and socialism.

Mr Gremetz recalled that G. Marchais then gave information on France's internal situation, stressing the all-embracing and structural aspect of the CME [expansion unknown] crisis--a question on which the PCF and CPSU do not always have identical views.

G. Marchais' account also dealt with the international situation and relations between the two parties.

The talks, which lasted [number apparently dropped] days, provided an opportunity for a detailed discussion on a whole series of important problems; the PCF delegation for its part asked several questions on the internal situation in the USSR--especially with regard to new economic methods, worker participation, and control by the people. Several current international questions were also discussed, such as Franco-Soviet relations.

Georges Marchais then raised three specific points which pose problems in our relations, in other words the fundamental difference of opinion on democracy, the question of Eurocommunism and that of scientific socialism.

The importance of these questions is such that the Central Committee and party should be informed of the full text of the written statement which Georges Marchais made on behalf of the delegation.

Maxime Gremetz then read the full text of Georges Marchais' statement:

#### Democracy and Socialism

[Marchais' statement begins] I would now like to raise the question of relations between our two parties. First, I will mention a few questions which have recently posed problems.

Without repeating our argument in full I would like to mention the fundamental difference of opinion between us which lies in the content and role of democracy in building and developing socialism.

What is our 23d congress' analysis on this point? We made a serious, lucid and coherent analysis of the situation in the socialist countries and reached the conclusion that the socialist countries' record was positive as a whole.

In forming such an opinion we took into consideration the original conditions in which socialism was built in many countries. We noted the major achievements in various spheres of social life on the economic, social and cultural planes and also in the development of democracy.

We also took account of the socialist countries' contribution to the progress of humanity as a whole. By this I mean the creation of a new balance of forces which imposes peaceful coexistence on imperialism, and also

resolute action for peace by the socialist countries and all forces of peace in the world which have given mankind 35 years without a world war.

The socialist countries' contribution also includes consistent aid to the national liberation movement, and this is a decisive source of support for the working class struggle in the capitalist countries. As I said at our 23d congress, we know that it is largely thanks to the socialist countries' existence that we can now envisage an original path to socialism for the French workers—a democratic path less costly than the one followed by the socialist countries' peoples. As you know, this question of the socialist countries' record was discussed at length during preparations for our congress, and we firmly rejected all attempts to play down the socialist countries' rich record. We showed the situation in these countries as it is, without complacency or embellishment, we showed their record, their progress, their faults and the inconsistencies which need to be solved, and we concluded that the new social system which the socialist countries have adopted is superior.

I will not hide the fact that I was extremely pleased to hear Comrade Leonid Brezhnev—after drawing up a positive record of the last 4 years of the current 5-year period—inform us of the CPSU's determined will to overcome the remaining problems by vigorous criticism and self-criticism of faults discovered at all levels; to give a vigorous boost to the implementation of the new methods of economic management which you are drawing up; and its intention to achieve progress of socialist democracy by introducing greater diversity in forms of worker participation in running and monitoring affairs. Comrade Brezhnev said that criticism and self-criticism are the driving forces of progress. He is right.

However, at the same time as we drew up this positive view of existing socialism at our congress, we noted that there were, in some socialist countries, problems connected with "a persistent failure to recognize the universal requirement for democracy which socialism carries." What did we mean by that?

First, we are not passing judgment on the form and content which democracy has according to the conditions and traditions of each country. On the contrary, we think that this universal requirement for democracy itself has diversified expressions and that it is up to each people, and to them alone, to decide in what way this requirement will be fulfilled. Therefore we do not intend to preach to anybody, but we maintain our view that human liberation and the gradual democratization of all society's structures constitute the essential objective of socialism.

In other words, we are living at a time when socialism must show its ability to be imaginative and to introduce forms of political life and participation by the broadest possible masses which make it possible to overcome the contradictions which naturally arise in building the socialist society. This

is therefore a matter which concerns us all. We note that while we should be pursuing an unprecedented effort to boost democracy, there are limitations on democracy in some socialist countries which we find incomprehensible and which go so far as to use administrative measures in place of the vital political and ideological struggle.

Of course, I do not want to ask you to bear witness: I am just giving information. But I will not conceal that our relations with the CPCZ are very bad. We have made many efforts and I have personally approached Comrade Husak about the trials which have just taken place in that country. We consider the CPCZ leaders' behavior tragic. The CPCZ had already distinguished itself in repression during what is known as the personality cult period. The CPCZ has clearly not learned from history, and every day we witness more arrests, more trials and more unjustified sentences. This is intolerable, it is a caricature of socialism. It is a situation which shows that Czechoslovakia learned nothing from the 20th CPSU Congress.

We therefore regard the question of socialist democracy as a great issue which must be tackled openly and directly, since we differ widely on this point.

#### Eurocommunism

I would now like to make a few short remarks on two other questions. First, the meaning of Eurocommunism. I think this needs some clarification since some articles written by some of your theoreticians are sometimes surprising. To clarify this point I will make specific reference to the draft communique which we drew up before this meeting. What does it say?

On the one hand it refers to the great diversity which now characterizes the process of building socialism. On the other hand it states quite rightly that socialism arises and grows as a specific answer to the objective needs of a people and a country, and that is why there is no prefabricated model for socialism.

Eurocommunism means precisely the similarity between certain aspects of the policies followed by different communist parties in industrialized capitalist countries facing similar situations and parties in industrialized capitalist countries facing similar situations and problems. For instance, a number of these parties place the development of democracy at the center of the path toward socialism which they have chosen, at the same time as advocating a democratic socialism taking national characteristics into account.

Nobody should be surprised at this or fear this similarity in the basic solution of problems facing their peoples and their countries.

Indeed, there is no question of forming a new center or replacing one model with another, any more than of directing Eurocommunism against any party.



Moreover, there is great diversity and even, naturally enough, differences of opinion and divergences among the communist parties which advocate Eurocommunism. Therefore any advocate of socialism is bound to have a positive attitude to an original approach by several communist parties which represent major influential political forces rooted in the situations of their respective countries. I would also like to add that we did not coin the word "Eurocommunism," but we do not reject it either, although it is rather limiting when you consider that major communist parties in Europe, Asia and Latin America uphold the ideas which I have just put forward. This flexibility and responsible imagination which every revolutionary party should show brings me to the third point which I would like to raise, in other words, why we prefer the idea of scientific socialism to that of Marxist-Leninism.

As is shown by our view of the march toward socialism and socialism itself, our approach is based on a concrete attitude to the concrete realities of our times and our country.

To play its vanguard role our party needs to discern and analyze all the phenomena of society, all the contradictions which are developing and the resulting opportunities for action in all spheres. It is precisely because we need to base our action on a theory which is fully in tune with the world's present trends that we preferred the expression scientific socialism to Marxist-Leninism to describe this theory.

#### Scientific Socialism

Although Marx and Engels and other eminent revolutionaries, especially Lenin, pinpointed essential aspects of the fundamental problems of socialist revolution--aspects which are still valid today, our theory is not a fixed body of doctrine or set of precepts which could be applied at all times and in all countries without major innovations. That is why we intend to use scientific socialism's materialist and dialectical foundations to continue bold, fruitful, scientific research on the questions which these foundations raise and the lessons they teach, helping to direct and develop these struggles in our turn.

Having said all that, I would, in conclusion, like to stress that we are very anxious to insure that the differing positions and different views which exist between our two parties and which we must openly recognize in the communique we adopt after our discussions do not under any circumstances form an obstacle to the development of our relations of friendship and solidarity. If we announce and recognize these differences of opinion openly and clearly and discuss them calmly, cooperation between our parties on our great common objectives of peace, disarmament, international cooperation and socialism will be more fruitful. [Marchais statement ends]

Maxime Gremetz then drew his conclusions from this meeting with the CPSU, stressing the importance and unprecedented nature of the joint communique signed on this occasion.



This meeting and this document should enable us to develop our relations with the CPSU on new bases. This is strictly in keeping with the policy laid down at the 23d congress.

#### Anti-Imperialist Union

Maxime Gremetz then turned to the question of PCF solidarity.

We have not limited this solidarity to communist parties but have also shown it toward several national movements such as the National Liberation Front in Algeria, the POLISARIO Front and the Sandinist Front in Nicaragua, and by the party secretary general's visit and Georges Marchais' talks with Congolese President N'Guesso.

We have also shown solidarity toward all those struggling in difficult conditions against imperialism and for independence and social progress. We have shown solidarity with Vietnam, with the Kampuchean people who are rebuilding their devastated country in terrible conditions, with the peoples of Iran, Afghanistan and Southern Africa....

For French communists internationalism is not merely the expression of sentimental solidarity. It is much more, it is a permanent dimension of their action and their policy. The objective link between the interests of workers in all countries in face of the interests of world imperialism demands their mutual solidarity.

Therefore we would like to make our contribution to all initiatives which might encourage joint action and, on a broader scale, a union of all anti-imperialist, progressive and peaceful forces.

The speaker then raised the problem of relations with the social democratic parties:

At our congress we also came out in favor of seizing any opportunities which might arise for increasing contacts and, if possible, joint action with socialist and social democratic parties in the struggle for objectives corresponding to the peoples' real interests.

It has to be noted that social democracy's current attitude, especially in Europe, does not encourage such a rapprochement.

For instance, European social democracy bears great responsibility for NATO's decisions to deploy new U.S. missiles on our continent--decisions which it fully justified and, like Helmut Schmidt's SPD, even urged.

However, we note that a small number of social democratic parties such as the French and Flemish wings of the Belgian Socialist Party and the Dutch Labor Party opposed the NATO decisions. That is a factor which we take into account in reaffirming that, for our part, we are open to any opportunity for joint action, provided it is based on clear, precise objectives capable of effectively promoting the struggle for peace.

Citing Pope John-Paul II's statements against the arms race, Maxine Gremetz added:

We share his concern. That is why we intend to pursue our efforts to use, inter alia, the opportunities for positive cooperation with the Christian people's masses' representative forces in the sphere of peace.

This summary of the essential elements which have characterized our international activity since the congress readily demonstrates that the party has implemented the international policies of its 23d congress.

CSO: 3100

## MONORY OUTLINES ECONOMIC REFORM MEASURES

Paris L'USINE NOUVELLE in French 3 Jan 80 pp 36-39

[Interview with Economy Minister Rene Monory by Dominique Boudet and Marcel Paganelli: "Even More Freedoms"]

[Text] Listing price ceilings, competition, refusal to sell, consumer power, banking and finance system, budget review, inflation. Even this year, the economy minister intends to make every effort to achieve the in-depth reform of the French economy. January 1979: in the interview he gave to L'USINE NOUVELLE, Economy Minister Rene Monory explained what he wanted to do in 1979. A year later, it was tempting to go to see him to review his action and to question him once again on his intentions for 1980. That is what we did here. The minister was kind enough to play this show and tell game. By comparing his intentions a year ago and the results recorded 12 months later, it would have been easy to bring out mistakes in estimates, disappointed hopes, regardless of whether we are dealing with the interest rate or inflation whose development did not go in the desired direction. But perhaps that has made no sense anyway. The essential point in the action taken by Rene Monory deals not with the development of the business situation but with the in-depth reform of the French economy and the change in approach and outlook. The thing that is so striking in his proposals for 1980 is the continuity as compared to those he listed a year ago. His key words were freedom, responsibility, truth. And so they remain. Moreover, the coherence of his efforts is maintained and affirmed. After having lifted controls on industrial prices and then on service and commerce prices, his effort in 1980 will be concentrated on a reform of the banking and finance system. He will do the job, phase by phase, but there is no doubt as to his determination. Here

are some other examples of this determination: competition (and he will provide examples if necessary), refusal to sell (there is no question here of fundamentally going back on the current set of regulations). And this will go all the way to possible action within the economy which will be guided in long-range terms; he will prefer to work through a budget review (which is a structural measure) rather than through a "bonus" for investments in order to revive the economy, if that should prove necessary.

L'USINE NOUVELLE: Mr Minister, a year ago, you were talking to us about freedom, responsibility, and truth. Do you believe that your mission has been accomplished today, at the beginning of 1980?

Rene Monory: That would be a case of exaggerated optimism because changing an economic system that was based on other ideas for 30 years involves an effort to try to change mentalities. Now, it takes time to get everybody really to assume his responsibilities. But if I were to review the situation as of the end of 1979, I would say that the operation has been successful; if we had not had a free system, the oil shock would not have been absorbed as well as it was by the enterprises. They would have needed more time to cope with the effects of that situation and they would have faced the difficult eighties with a weakened financial structure.

[Question]: But the lifting of price controls has not been completed.

[Answer]: That is true. The lifting of price controls on services and commerce will be continued in 1980--progressively and stage by stage. Of course, every time some other price controls are lifted, that will be accompanied by provisions to safeguard the interests of the consumer. Specifically, I am now in the process of negotiating with various branches in our distribution system regarding the conclusion of commitments on: the development of competition, information, and consumer protection. The regulation of industrial products distribution margins could then be eliminated to the extent that agreements are concluded.

If I were to review the situation regarding the lifting of industrial price controls, I would say that this effort has undoubtedly been successful. Why? The rise in manufactured products prices--if we exclude petroleum and public utility rates--would be about 11 percent below the general price rise which would be close to 11.5 percent.

Now, you have to realize that manufactured products were subjected to two constraints in 1979: petroleum prices went up almost 60 percent, raw material prices went up on the order of 30 percent in one year. In a free-enterprise economy, there would have been a risk of a skid; but that did not happen.

The thing that is much more important, however, is the evolution of the financial situation of the enterprises. When I was in the Ministry of Industry, big groups, such as Rhone-Poulenc, expressed to me their despair in view of the situation of their enterprises. I received those same groups over the past two weeks to review the situation and they all told me: "Lifting price controls saved us." Now, when you look at the balance sheets of the enterprises for 1979, they will in no way be comparable to those of 1977.

So, you have industrial prices that rise less fast than the general price index, you have stronger foreign constraints, you have a productivity that went up 12 percent in just 2 years in industry (which is exceptional today in the Western world and which was achieved only because the manufacturers were able to make decisions in terms of their production programs between what was profitable and what was not), you have an improved financial situation which enables us to look forward, in the course of the next several years, to an investment effort with a very strong segment involving self-financing, and you have many other elements which enable me to say without fear of contradiction that lifting industrial price controls--an irreversible thing--has been a success.

[Question]: Are you going to go further, now that you have succeeded? Are you going to go up to 100 percent in 1980?

[Answer]: Let me tell you one thing: When you make an economic decision, there is no room for half-way solutions. I cannot say that something that was black yesterday will be entirely white tomorrow. But the person who would come out with the proposition to the effect that, by a certain time, a portion of the economy on the production level would be free and that it would not be on the level of distribution and services--that person would be wrong. You cannot divide freedom. On the other hand we need a different kind of behavior on the part of a certain number of economic agents. That is what I am now in the process of trying to develop. We must make sure that conditions for competition are met. I will work hard to achieve that. In 1980, you will see a new evolution toward freedoms.

[Question]: You said that any extension of liberty will be accompanied by constraints. What are they?

[Answer]: There are three kinds of restraints, in my opinion. First of all, we want real competition in all areas in France. The international market is trying to infiltrate in 80 percent of the cases involved. I understand that, right now, certain manufacturers are for example complaining about the weakness of the dollar or the yen which bothers their prices since competition is strong. So, that means that we must develop competition even more. Over the past several months, I tripled the number of personnel assigned to competition control within the Directorate of Competition and Consumption.



I considerably developed the activities of the Competition Commission which is hiring new investigators to reduce the review time as much as possible for the increasingly numerous cases submitted to them. As in the past, I will during the next several months order punishment, to set an example, every time that may be necessary in order clearly to indicate the administration's orientation.

But--and this is the other orientation I am thinking of--the thing that is important most of all has to do with mentality. For example, changing the mentality of certain professional federations is indispensable. These federations over the past 20 years were often erected for the purpose of fighting against the administration. Now, this sort of thing has to change. They must evolve in the sense of winning new markets for the manufacturers, in the sense of the struggle against certain understandings which are the consequence of 30 years of blockage, of improvement of the management of their members through a better knowledge of costs and manufacturing costs. Some time ago, the National Federation of Highway Carriers was fighting against the elimination of the mandatory highway rate schedule whose purpose was to introduce competition. This is proof that there is a gap between the time the manufacturers themselves realize what the situation is and the moment their permanent members and personnel realize the same thing.

The third objective is the establishment of a consumer counterpower. I am not engaging in any illusions here; it would take 10 years to have a real consumer ready to go in France. But a recent experience in Bordeaux shows that this evolution is underway: products which became too expensive were simply boycotted and after 8 days the merchants and producers said: "Let us get together and talk." That was the result of consumer action and 2 million consumers are much more effective than 2,000 inspectors and investigators!

[Question]: Certain recent operations are worrying industry. For example, there is the case of Kleber-Colombes. Just how far can the consumer associations endanger an enterprise employing 1,200 persons without control?

[Answer]: We must first of all look at what is happening elsewhere. France is not a country that is very advanced in the developments of the consumer movement because we had a system of price ceilings or price controls here. In Germany and the United States, big enterprises were from time to time called upon to review one problem or another in their manufacturing line and they did so. Knowing that one may be at the mercy of a challenge already forces an enterprise to pay attention. But we are not dealing here with a situation where the consumer platform should become a political platform to destroy the economy. We are going to watch this.

Having made this point, it is also necessary for everybody to agree to play the game and if, some day, a bad product winds up on the market, the thing that would not shock me would be for the consumer to speak up and say so. Of course, granted, that all of the necessary investigations and

inspections have been accomplished. Regarding the example of Kleber-Colombe, I would not allow myself to make any judgment without having irrefutable elements of information available.

[Question]: Could one not give the consumers sufficient means so that the learning process of this power will not be directed systematically against the enterprises and without any rigorous technical foundation?

[Answer]: One can give the consumer certain means. The subsidies for the operation of consumer organizations were quadrupled in just 2 years. But that unfortunately is still very little; it only comes to F4 million. But I do not believe that this is the crux of the problem. I noticed that, when you make a consumer sit down at the same table with a producer, both of them realize that what one of them asks and what the other refuses is not entirely beyond the realm of reason. The more the protagonists get together, the better the whole thing will work out.

[Question]: Concerning competition, you yourself hinted that you would check examples to show your determination. The manufacturers above all want the rules to be spelled out precisely. They no longer know what to do.

[Answer]: I consider manufacturers or company managers to be intelligent and responsible men; they know what they can do and they know what they cannot do. But there is some truth in your question because certain circulars were put out while we had price controls in effect. And some improvements are probably necessary in order to adapt them to a period of time without price controls. I am thinking about that and we are perhaps going to have a certain evolution here in order to eliminate incompatibilities or incoherences. But the manufacturers must not go around looking for excuses in order to avoid competition which is indispensable.

[Question]: Thomson, Moulinex, Rossi — just to mention a few, are complaining, with justification, it seems, about certain practices in distribution against which they cannot do anything because of the current regulation authorizing the refusal to sell. Is that so?

[Answer]: Life is a perpetual balance of power. For a certain number of producers, this balance of power tilts a little bit toward the distribution side. But whose fault is that? There are two things involved in this relationship. On the one hand, quite indisputably, the producers sometimes depend on vast areas for their sales since they have eliminated the little retailers and middlemen or since they did not help them survive.

On the other hand, you have the way in which use is made of French products which serve as a kind of reference in selling foreign products. We must make the effort necessary to push through the image of quality in French products. I am not saying that they are the best since we are in a community organization featuring free circulation of commodities but

I do think that they are better than others. And it is up to the producers and the professional federations to get the consumers to understand that it is not in their interest to purchase a more expensive foreign product when a French product is available at a more reasonable price.

Finally, company managers ought not to come to me and say: "Give us freedom (which I did) because that is our chance to live." And then, a few months later, I do not want them to come to me again and tell me: "Issue some regulations so that people will buy our products." The moment you interfere in this fashion, you return inevitably to restrictions and controls.

[Question]: You said that some of the regulations concerning distribution should be revised. Are you thinking of the refusal to sell here?

[Answer]: It is too early to say what we will do about those circulars. I only have a chance of success and that springs from my never challenging my own philosophy even though it may be difficult from time to time to get over one obstacle or the other. The distributor is sometimes separated from the producer and he should not be separated from him too much. The problem is to figure out whether we can reconnect him with the producer through a regulation or through some other type of relationship. I understand the problem of the manufacturers but the refusal to sell is extremely dangerous in a free society. The slightest attack upon the general orientation of liberty can constitute a severe challenge to the very essence of the system.

[Question]: Interest rates are among the daily worries of enterprise managers. What is going to be done here in 1980?

[Answer]: First of all you have the day-to-day interest rates which are to a great extent imposed upon us on the international scene. We are forced to have a constant evolution with the movements of international rates because there is an enormous volume of capital floating around which is connected both to the value of money and to the interest rate applied to it. The moment one of our neighbors decides to raise his interest rates, when he has a strong currency, he is influencing the evolution of rates in countries with which he has preferred relationships.

In 1980, things therefore will largely depend on the evolution of the interest rates implemented by our partners. Nevertheless, I hope that we will experience a certain slowdown within some time although unfortunately not in the immediate future.

[Question]: Can one limit the impact of high loan costs, for example, through reduced rates?

[Answer]: National Credit, Hotel Credit, the regional development companies each year distribute F13 or F14 billion in loans at moderate interest rates because they are financed through money transfers. These loans

are designed to finance the investments of the enterprises. Besides, this year, special and very advantageous credit packages were instituted to encourage investments liable to develop exports, energy savings, and jobs. But one cannot think in terms of having improved rates for all loans. First of all, the budget could not stand that and that would not be at all healthy from an economic and monetary viewpoint. Besides, this would be a new way of transforming the enterprises into "welfare beneficiaries." The use of these transfers must therefore be strictly limited to the essential priorities.

[Question]: Do you like the current investment level?

[Answer]: We are investing at a relatively reasonable level. In terms of volume, the increase will be about 2 percent in 1979. And all the manufacturers with whom I have been able to discuss the situation have bigger investment programs right now for 1980 than they had in 1979. It seems that, in terms of volume, in 1980, we might look forward to a private investment increase of 4-5 percent, which is quite considerable --although I am saying this with all possible reservations.

[Question]: Are we going to have another reform of the banking system and a transformation of financing circuits again in 1980?

[Answer]: Yes, because this is an extremely difficult but essential problem. During the first quarter I will have an opportunity to explain clearly what I mean. You cannot have a free-enterprise system on the one hand and a financial system, on the other hand, which is subjected to rules that restrict responsibility and competition. All I have been doing for these past 18 months revolves around this evolution. I know what I want to do but I cannot move on to other phases if a certain number of conditions cannot be met beforehand. Thus I tried to stop the confused evolution of certain savings collection networks because one cannot speak in terms of freedom of competition if one permits the essential collection function to be carried out by two networks in five or ten years. This is what persuaded me to launch certain reforms in Insurance Credit after Agricultural Credit. There are going to be other reforms in this field. I am convinced, for example, that the savings funds will do the necessary deep thinking in order to adjust to the evolution of the financial system.

I also moved on the reform of consumer credit. This is more important than people think. I recently received a manufacturer who makes boats and who told me that, thanks to this reform, his business volume went up 30 percent, due to new loan conditions which make some of these models more accessible to some of the more modest clientele. Now I am going after the most important points: the resources and assets of the banks themselves. If you want to have a banking network comparable to those they have abroad, you have to make sure that the banks will have the resources to do that. There are going to be developments in this field.



[Question]: How and when?

[Answer]: You will see. There is nothing more fragile than the finance and banking system and one therefore cannot proceed to abrupt, rapid, and insufficiently developed evolutions. Each month, I did and I will continue to do something to reform the banking and financing system. When you add the whole thing up by the end of 1980, the result will be spectacular. But I repeat--and I want to make this perfectly clear--France's banking and financing system is not yet completely governed by the principles of competition, liberty, and responsibility. The economic world and the financial world are closely intertwined, much more so than we imagine. And, cost what it may, we must make sure that the same philosophy will prevail in these two worlds.

[Question]: What about budget review?

[Answer]: If we have to do something to aid the French economy to achieve our objectives, then I would naturally settle on a structural effort. And when I am thinking in terms of structural action, I am thinking of a budget review. In practical terms, we are going to have to find ways which will enable us to make sure that the budget will not be cut back too much and that investments will be spread out in terms of time. I believe that we can find the formulas necessary in order to spread the financial consequences out in terms of time.

[Question]: The rate of inflation continues on a high level. What are your hopes here?

[Answer]: I am worried about the price rise and the fight against inflation will be one of the priorities in 1980. In 1979, the price rise will be on the order of 11.5 percent, which will place us among the average of OECD countries, where in 1978 we were far above that average. That is not a brilliant thing but it proves nevertheless that our efforts to slow inflation down did bear fruit because we were able to resist the worldwide inflation wave better than others.

The fact remains however that 11.5 percent is too high. My desire would be to go down a little bit below 10 percent in 1980 which would be an honorable performance considering the international environment.

[Question]: The last question is France marking time or is she moving ahead?

[Answer]: France has advanced much thanks to the resolute action undertaken by the administration under the leadership of the premier. The evidence is here. The franc remains strong and, in spite of the setbacks in international monetary life, it is holding on rather well to its place in the European monetary system which in turn is also strong. France's current balance of payments is progressing and, if we had not had



a 60-percent oil price rise, we would have had a very considerable balance of payments surplus. In 1979, the French economy had a 3.5-percent GNP growth rate whereas most of the developed countries had less than 3 percent, with the exception of Germany. For the past 2 years, industry showed high productivity gains but did not creat any additional jobs; the French economy nevertheless did create 200,000 jobs in 1979, something which we had never done before, even during the period of strong growth. Finally--due to the drop in the yen, of course--France in 1979 became the world's third-ranking exporting country whereas we only have 53 million inhabitants.

There are many elements which show that France--although there are some weaknesses (particularly with respect to the excessively high inflation rate)--has joined the club of modern countries that are prosperous thanks to the freedom introduced into the economy. And that is the fundamental thing here.

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CS0:3100

AIR FRANCE PRESIDENT PIERRE GIRAUDET INTERVIEWED

Paris AVIATION MAGAZINE INTERNATIONAL in French 1-14 Jan 80 p 21

[Interview of Air France President by Patrice Prevot and Georges Leclerc--  
date and place not given]

[Text] [Question] Mr Chairman, the economic role of a large company like Air France is not always understood perfectly. What can you add, as compared with the foreign carriers who, after all, often fly to the same destinations?

[Answer] What characterizes Air France is that it is specially oriented to serving French interests in the world. Turnover and profits are not our only objectives. We fly all the lines, good or not so good, needed for our external, political, economic and cultural exchanges.

Our activity includes an industrial aspect, a need for good management, for financial equilibrium and self financing capabilities, but there is also an indisputable role of general interests, and I would go so far as saying, public service, in some cases.

On the other hand, especially at this time, is it better to give work to French people or foreigners? Is it better to bring in foreign exchange by carrying foreigners, or to be content to have the money leave the country by allowing the way open to foreign companies?

[Question] Are the contributions sizeable?

[Answer] In 1979 we brought in about 7.5 billion francs worth of foreign exchange. We exported 5 billion by buying abroad what we needed for our operations, in particular fuel, and some of our aircraft. We therefore offer a credit balance of about 2.5 billion in foreign currency. How many companies do as well?

We are the seventh exporter, and the greatest exporter of services.

[Question] With regard to your contribution in the employment sector, could you specify the trend?

[Answer] Including the subsidiaries, the company employs 37,000 persons; Air France itself has 32,300 employees. In 1979 we created 500 jobs; by 1983, we will be creating about 3,500 jobs, 2,500 ground personnel, and 1,000 jobs for flying personnel. Actually, taking into account the separated personnel, we will be recruiting about 7,500 agents in the next three years, if the fuel conditions do not impede the development of international air transport.

It may be added that the company induces in industry, in the hotel business, and other branches, almost as many jobs, so that there are altogether at least 75,000 jobs depending on Air France.

[Question] Though gains are not Air France's sole objective, though you fly on lines which are not apparently profitable, and though the French industrialists can rely, in the 161 ports of call you have abroad, on your agents to assist them in their business, you face nevertheless some competition. How far can you go?

[Answer] The better our management, the better we can do this. I will sum up good management in five objectives: constant improvement of productivity, constant optimization of the network, availability of the best fleet, implementation of the most dynamic commercial action and offering of products most suitable for the market.

In any case, except for the UTA [Air Transport Union] area we are present in any part of the world in which France has real interests.

[Question] Does Air France have a direct role in industry through the orders it passes?

[Answer] Between 1976 and 1979, our investments amount to nearly the 6 billions. For 1980 alone, they will be 2.5 billion. Between 1976 and 1979, our aircraft purchases came to 3.2 billion, of which half for "Concorde" and the "Airbus".

Air France has always influenced the aeronautical construction, particularly in the design of the "caravelle" and the Airbus. We are the ones who demanded an increase in the radius of action of the Airbus and today the Super B.4 with a great range of action, which is the one with the greatest sales in the world. We were one of the principal promoters of the shorter Airbus variant A-310.

We are now interested in a CFM 56 aircraft with 150 to 160 seats to supplement, then replace our Boeing 727 fleet. In a few years, we will be able to order about 50 units. We do not need to dictate policies to government and industry, but as far as we are concerned, this aircraft corresponds

to our most urgent need. There is only one 150 seat aircraft on the market, this is the Boeing 727, but it goes back to the sixties. They are excellent aircraft, we have ordered more of them, but they are growing old. The existence of an ultra-modern engine of 10 ten thrust, the CFM 56 should now permit the transition to a new more highly developed and more economic generation of aircraft of 150 to 160 seats.

[Question] In your opinion what would be the right choice?

[Answer] About 1,700 aircraft of this type are in service or under order: the extent of this sector can be measured. Meanwhile, keeping in mind the nature of the markets, the unit with 150 to 160 seats will remain in great demand. Since the engine is ready, the important point for the aircraft would now be to beat possible competitors.

[Question] On the occasion of the choice of the power unit for the A-310 Airbus, Snecma called for bids from General Electric and Pratt and Whitney. Your comments?

[Answer] Reality must be faced. Air France serves general interests. We have never sought to induce rivalries between French aircraft or engines, for instance the Airbus A-310 with the Boeing 767. When the Franco-American engine CFM 56 is proposed, you will not find us setting it up to compete with the equivalent engine of Pratt and Whitney or Rolls Royce.

But the new Airbus-310 engine is not a Snecma engine. It is but a purely American engine for which French industry has a share amounting to about one quarter of the subcontracts. Although the special bonds linking General Electric and Snecma are considerable, Air France's legitimate interests are no less important, and there could never be any question of sacrificing them completely in the vital sector of engines which represents a considerable share of our investments, and our operating expenses. These new engines, like all the others, for the rest, had to be proposed to us in competitive conditions. Thanks to the competition and after long negotiations, this has been achieved. That is why we are ordering it.

9018

CSO: 3100

## COMPUTER INDUSTRIES LEADER PELISSOLO INTERVIEWED

Paris AVIATION MAGAZINE INTERNATIONAL in French 1-14 Jan 80 pp 24-25

[Interview with Jean-Claude Pelissolo, Director of Electronic Industries and Informatics, Government Commissioner at the CNES [National Space Research Center] by Patrice Prevot and Georges Leclerc--date and place not given]

[Text] [Question] The government would like to make a real industry of space. What are the means it intends to implement, or has already implemented to this end?

[Answer] First of all, we should talk of what has been done. First of all, independence had to be achieved as regards those in possession of the technology, that means, a launcher. Actually the decision on the Ariane program was made after a certain number of events which showed us clearly, that if we had not the capability of using our own launcher in Europe, the conditions defined at that time by the Americans, would probably render almost impossible any real commercial activity in space by the European industries.

Beyond this aspect of simple independence, an industry was needed for space applications, including several segments: the platforms, the payloads and the "ground" stations.

As regards payloads, three markets open to extensive developments, were offered: those of telecommunications, television and observation.

And France is in the process of acquiring alone, or in collaboration with its European partners, the capability of taking part in each of these three markets. This is proved by recent decisions: "Telecom" 1; TDF 1 (with the RFG), and of course, SPOT.

[Question] The president of the republic declared that by means of this industry, jobs were to be prepared for the year 2000. Could you be more specific on this point, seeing that very often, technological evolution,



and this was observed for instance in certain ultramodern sectors, such as telecommunications, with the transition to digital computers, leads towards concentrations of personnel?

[Answer] Actually the question is not stated exactly in these terms. It happens that there is a fantastic market opening for what may be called, in general, telecommunications. And I do not believe, like some people, that saturation has been reached in this sector. On the contrary: I believe that if the telecommunications sector is no longer developing, in any case its growth rate is already very high, it is because there still remain a few technical bottlenecks. I am referring very particularly here to the applications in the area of teleconferences.

The latter were not developed because hitherto reliable and efficient means had not yet been found to implement such applications. Indeed, they need, as regards to the transmissions, considerable bandwidths and the classical means of ground communications only permitted in exceptional cases the management of such applications. The latter might, by the way have considerable repercussions at the level of energy savings, by avoiding the multiplication of business trips, often carried out for a very short period...

And one of the *raison d'être* of "Telecom" 1 is to offer among other things, such a service. And so I believe that as soon as technology permits this to be implemented, and that will come in the next few years, a vast market will be available. And this market is going to create industrial jobs, and also, because of the impetus it will give to some international activities, jobs of all types, especially in the services.

As regards the problem of the passage to the digital computer, it should be resolved on a medium term basis in the telecommunications industry, taking into consideration the overall increase in the market.

[Question] In the area of space we are now entering into the industrial and commercial era. Mentalities are changing. Today industrialists are joining to make profits, whereas formerly there were often alliances connected with organizations of the ESA type. What will be the requirements for future industrial schemes?

[Answer] The first requirement is to win in international competition. To this end, the trumps are great mobility, considerable capability for reaction, the possibility of mobilizing sufficient financial means, and adequate to the customers' needs. Another trump, and not the least: ability to propose complete systems. Because this is how credibility with the client is achieved. This is where the benefit lies in alliances insofar as a single company, or a single country does not necessarily have the capability of offering the entire range of products needed. But these alliances should not impede commercial aggressiveness, nor the mobility and speed of intervention which I had previously mentioned.

As regards the ESA, I think it functions well for the missions for which it was created: specifically to apply its efforts on scientific "approaches" to space, and the development of new programs and new products.

[Question] Precisely, to remain in the export sector, it seems that there is one extremely decisive criterion: this is the financing parameter. The industrialists face therefore a certain number of problems in this area. What assistance could the state provide in this matter?

[Answer] These are financial aids well known to French industrialists and which are generally managed by the Department of External Economic Relations, the DREE, supported on a certain number of agencies, especially COFACE [expansion unknown]. And I do not think it is necessary to arrange for specific and exceptional means for space compared with those already existing. But we may be led to reviewing this point perhaps when questions arise in the framework of international competitions in which the French industrialists are involved.

[Question] As regards research and innovation, it seems that countries like FRG and Japan in particular are stealing a lead over France. If recent figures are to be believed, France is devoting only 1.8 percent of its gross national product to this sector, as compared with 2.2 percent for the two countries mentioned. Do these figures reflect the situation in the space sector?

[Answer] You know, it is very difficult to make this type of comparison, because the countries do not define "research" in the same way. The figures come out quite differently according to how far one goes in the field of research and development.

This being the case, and in a general context, the government is quite aware of the fact that in recent years there may have been a certain falling off in the research effort, taking into account a certain number of priorities arising. But an acceleration has been foreseen. In any case, I should add that the efficiency of a country in the area of research is not necessarily measured with regard to the credits allocated to this sector. With this type of approach, no account is taken of a country's capability to choose a good sector, or not: this would mean measuring the volume of the means and not the results.

The fact remains, be that as it may, that in the sector of space we are very careful that CNES should reserve in its annual budget and in its medium term programming an adequate share for the research budget so that its own personnel, and also, and especially the competence of the industrialists which will be producing the objects tomorrow, will not be downgraded in the international technological circles.

[Question] At present, the links between industry and university seem to be wanting. Is this the case in the area of space?

[Answer] I believe space is a sector in which this is least true: because several links already exist between CNES and the universities. Furthermore, the entire program of scientific and space research of the CNES is conducted almost directly with universities or laboratories depending on them. I am referring for example to the CNRS [National Scientific Research Center] laboratories.

Actually, the CNES has always taken care to allow in the payloads related to these programs, adequate place for university experimenting. It goes without saying that the universities concerned would obviously not have been able to pay for their admission ticket at the cost price.

[Question] The space industry must be consuming highly integrated elements, at the purely electronic level. Is France's independence assured in this sector? If not how will it be developed?

[Answer] This question concerns the "Integrated Circuits Plan." And it is precisely to answer such questions, that in 1978 the decision was taken on the adoption of this "plan" which was rather ambitious: to proceed in such a manner that by 1983, the production of French industry of the integrated circuits should be on the whole, approximately equivalent to its market; which means that the exports which would be achieved would be almost able to compensate for the imports.

This does not mean that we would be totally autonomous in this sector. But on the basis of the efforts being made and the industrial connections which have been established, we will have at our disposal the components we need.

But in the area of space, are the needs in the sector components, basically different from those required in the industries of informatics or telecommunications? I do not think so, so far as integration density is concerned. For we have already reached in the case of information integration densities amply sufficient for space needs.

On the other hand, there is a problem of the hardening of components in an environment which is more aggressive in space than on the earth, hardening as regards temperature ranges, as regards the mechanical environment, and especially as regards radiation.

9018

CSO: 3100

## 'I VRADAYNI' SCORES PAPANDREOU'S POSITIONS

AT281510 Athens I VRADAYNI in Greek 28 Jan 80 p 1 AT

[Editorial: "Muddy Waters"]

[Text] PASOK's chairman in his statements yesterday summarized the policy he would implement if ever he succeeded "new democracy" in authority. "The basic and fundamental goals will be national independence, completion of people's sovereignty and the social liberation of the workers."

These are loud words, slogans fit for walls, nebulous and abstract statements. Papandreu will bring national independence. Did the current government, however, ever abolish national independence so that the chairman of PASOK can now come forth to defend it? Who was it who saved the nation during the critical days of 1974? Who was it who strengthened national defense--with the full approval of the people--making the country impregnable to any foreign imposition? Who was it who, with [word indistinct] maneuvering, manage to make our country respected and appreciated in the family of nations? Who strengthened Greece's international position through accession to the European Community and through tightening of relations with all the countries within the closer and more distant geographic perimeter?

It would be good if Papandreu could explain how he would strengthen national independence. Would it be through supporting the withdrawal of Greece from the EEC and its "joining" the "Third World?"

The leader of the majority opposition party should also explain in what specific way he would "complete" people's sovereignty. Have democratic institutions in our country ever functioned in the past as fully as they have done under the Karamanlis administration? Has the people's will ever been so fully expressed, even to the point of abuse? This "completion" which Papandreu promises rather smacks of "totalitarianism."

It would, in conclusion, also be good if he informed us from what social ties he would liberate the workers. When did the Greek workers ever find themselves in a better position from the viewpoint of conquests, rights and liberties? It is not only the Greek workers who are suffering under the effects of the situation of our times. The workers of the entire world are also suffering from them and sometimes even to a far greater extent.

Consequently, he should abandon his noisy slogan-mongering which lacks any content and he should explain with specifics, without nebulous statements, what he thinks of doing when and if...instead of muddying the waters.  
[sentence as published]

He will, however, neither explain nor clarify. This is because he has nothing new, unfulfillable or fulfillable, in his mind. He even admitted it himself in his statement yesterday: "It must be clear," Papandreou said, "that the rate of implementation of our program will also depend upon the more general balance of power as it will develop in time."

In other words, we shall see and we shall act--planning on the spur of the moment.

CSO: 4908



## UNION LEADER DISCUSSES INFLATION EFFECTS ON WAGE DEMANDS

Reykjavik MORGUNBLADID in Icelandic 4 Jan 80 p 14

[Article by Haraldur Steinthorsson, Managing Director of the Alliance of Civil Servants and Public Employees: "An Adjustment of Wages Immediately! Inflation Will Not Accomplish It"]

[Text] Wage adjustment is a popular election slogan of politicians of all parties and the majority of the public has gone along with having in particular, the wages of the lowest paid workers improved.

There have been various attempts to change wage rates, both through statute and special points in wage agreements. The success of a total of 40 years of endeavor in this direction has come to nothing more than the recent publication, in the same paper, of two articles, the one by Althing delegate and the other by the head of the largest Icelandic trade union, where it is asserted that the social imbalance in wage matters has never been more than now.

The authors of the articles do not point, themselves, to any solution of the problem, but make a request for frank discussion and coordinated effort, and the cause of the problem is considered to be the indexing system by both, to revoke or change what needs to be revoked or changed.

#### The Indexing Pointer Has Failed

These views are typical of wide spread misconception which has prevailed in Iceland.

The indexing system, with the so-called krona figure rule, or index ceiling, has been adjusted again and again by governments, but nothing has brought about any change in the problem and the adjustments have always created new and increased imbalance.

The reasons are clear to anyone who scrutinizes these two favority propaganda tricks of politicians which have been magnified by people in mass communications.

Wage channels are many in the society and base pay is only one of many. The channels have various names: curriculum pay, overtime pay, norm pay, tool compensation, bonus pay, evaluation pay, foreman's special compensation, share of the catch, subsistence pay, longevity increase, special pay for training, pay for dirty work, repair and conversion compensation, pay for hard or difficult work, allotment for service away from home, etc., down to unforgotten overpayments.

Most of these payments are undiminished percentage increases on a very low foundation, and on top of them there are the, by and large, full index increases and sometimes more (whereby a percentage increase some times is made upon another percentage increase).

Even if the base pay channel itself is blocked, for example, by the krona figure rule, or index ceiling, that only confuses matters and the set wage system changes according to the wages of public employees and all other channels in wage matters are unbridled. And so the imbalance grows and does not decrease.

#### We Need a Wage Revolution

Can nothing be done? Is this an unavoidable natural occurrence? To be sure, no, but there must be carried out, simultaneously, multiple and fundamental changes, to pull down some old and ancient obstacles in the present wage system and, if anything good is to be achieved, a general wage revolution must be achieved in Iceland.

And there is the danger that, perhaps, those will prove most reluctant and conservative who identify the indexing system the most as a cause of inflation.

Many of those who have discussed wage matters have only indicated the need for changes but have hesitated to come forward with direct proposals in individual areas or on the future organization of these matters.

The undersigned intends, on the other hand, to attempt to further two ideas directed towards a basis of discussion for prospective discussions by trade unions in this year which has just begun.

It is emphasized that the goal is the achievement of wage adjustment immediately through free wage agreements but that afterward the wage index will be in full force. Thereby that wage rate which the agreement sets in the beginning will be maintained, unchanged, during the entire period of the agreement.

#### Total Wage System

Comprehensive cooperation will be achieved with all group associations of working people, that is, the People's Coalition of Iceland, the Alliance of Civil Servants and Public Employees, the Coalition of Seamen and Fishermen of Iceland, the Alliance of Professionals and the Coalition of Icelandic Bank Employees.

Effort will be made to achieve agreement on the major articles of a strong agreement whereby decisions will be made on minimum wage, price improvements, work hours regulation, overtime pay, shift differentials and, perhaps, many collective portions such as union rights, work training, etc. An attempt will also be made to coordinate the points of view of these associations with respect to the evaluation of education, job training and some management components of work.

Each of these associations will later make independent agreements with its negotiators at about the same time.

Individual trade unions will negotiate as well on final rankings, seniority regulations, bonus and evaluation rules, and other special regulations for its union members with a strong agreement as a firm goal.

Since such total agreements are a complete innovation and should be complicated and difficult, in spite of the great simplicity in comparison to what was the case before, the periods of validity of the first agreements of this kind will thus be short. Occasion for revision and correction of individual articles will be found over the very long term.

#### The Percentage System Squeezed Down

Undoubtedly some will be shocked by the great optimism (or simple mindedness) that it has occurred to someone to attempt to unite all these trade associations for such a decisive wage revolution.

Here we shall make reference to simple augmentation aimed at changing, through certain coordinated measures, the heterogeneous wage system now in force. Group associations may, however, need to agree completely on the same kind of wage adjustment measures. The following points are to be noted:

a) Base wage increases for the lowest wages will be proportionally the greatest and percentage increase will decline continuously compared to what precedes.

The wage adjustment will be achieved immediately and governed by agreement in place of allowing ever growing inflation to achieve incomplete wage adjustment at some time in the future. Adjustment of krona figure increases on base wages or pay which are above the determined mark (the base wage ceiling) will also come into account as a way towards this goal.

b) All percent figures in present wage agreements, which improve base wages or determine relationships (share of the catch, etc.), may decrease according to pre-prepared agreement and each in the same way as the others.

It has been agreed, for example, to lower percentages by one-fifth. Thus:

A 1 percent increase would become .8 percent.

A 5 percent increase would become 4 percent.

A 40 percent increase would become 32 percent.

A 100 percent increase would become 80 percent.

This would be a very effective wage adjustment measure.

c) Some compensation payments for personal inconvenience may, perhaps, be changed from percent figures to the same krona figures in hourly and monthly wages of those who are subject to the same conditions.

This can take into account payments for shift work, overtime, graveyard shifts, dirty work, fool money, etc.

#### Wage Adjustment or Pay Cut

The purpose of this essay, as stated above, is to create a basis of discussion and to promote thought on the fact that index figure issues are too complicated to be attended to with the simple retrenchment provisions which have been put into effect in the past, most often by statute.

Wage adjustment is a difficult measure since many things have to be taken into consideration in connection with it. The price improvement index is, on the other hand, only a measure of those price increases which have taken place in each quarter and we intend to guarantee the proportionate value of wages. The connection between these two is thus a porrbleshooting of two unrelated components and unfairness is the direct result.

I wish in conclusion, to point out to working people that they should acquaint themselves, thoroughly with every thing which will be placed before them in this area by officials and people in mass communications in the immediate future. It is necessary to distinguish clearly, among them, on the one hand, real wage adjustment measures and, on the other, those wicked attempts of governments and employers, which need continual abrogation or reduction of full index improvement for violent general wage cuts.

11433  
CSO: 3111

## CGIL LABOR LEADER ACCUSES GOVERNMENT OF INEFFICIENCY

Rome RINASCITA in Italian 14 Dec 79 pp 1, 39

[Article by Luciano Lama: "It Is the Hour of Decision"]

[Text] Last Saturday and Sunday I took part in the Molise regional congress of the CGIL [Italian General Confederation of Labor]. Molise is a relatively tranquil region of the south that keeps its problems and its sorrows locked up within itself; it has a population of 300,000. In the postwar period 150,000 (half of the resident population) emigrated to northern Italy and to foreign countries. It has a total of 20,000 unemployed: 11.3 percent of the active population. Molise is not raising its voice, but these few data reveal a social situation that is characteristic of an underdeveloped country. In this region, the Christian Democratic Party received 54 percent of the total vote and has 16 out of 30 seats on the regional council.

I believe there are no facts more significant than these--which could be repeated with a few variations for the better (or even for the worse) throughout the South--to highlight for all comrades, and for all Italians, an intolerable injustice that must be eliminated. This should be the starting point for the transformation of our country. The elimination of these imbalances should be the point of departure for a new economic policy--for the planning which should constitute the pivotal instrument of economic revival. We must liberate ourselves from the "magical words" and establish the areas in which the government will participate and the specific measures which will be adopted, as well as the processes of development to be undertaken gradually but surely, inspired by an inflexible political will that consistently makes deeds correspond to words.

We have attempted to fight for these things, but if we have not accomplished enough--if the results have not been forthcoming (and such has been the case)--we must intensify our action while strengthening the rigor of our choices and our determination to pursue the struggle.

The policy of the EUR [Universal Exposition of Rome] needs no major changes or updating in its essential aspects. If the events of the past 2 years--if the worsening international and domestic economic crisis--demonstrate anything, they



demonstrate that this strategy is today more valid and more necessary than ever, and that everything dependent on us for its success must be accomplished.

Not everything depends on us, however: and this is the crux of the matter. A policy of economic recovery that involves--on pain of bankruptcy--a profound reform of national economic policy is not constructed by means of contracts but is constructed by means of laws and administrative action that are the function of the parliament and executive branch. We should also point out once again that in the current political climate even the laws passed by the "national solidarity" majority (which were intrinsically good laws) have undergone, in the phase of implementation, a change as to their objective or have not been implemented at all (representative examples are the industrial reconversion law, the "Quadrifoglio" and the youth employment law).

For our part, we shall continue to do our duty in this situation too. We have renewed our contracts on the basis of reasonable economic demands and are preparing for negotiations with management, with the aim of rewarding professionalism and also of promoting new methods for the organization of labor--and new production techniques--that will increase productivity without leading to further exploitation. In the public sector, after successfully putting the sliding wage scale on a quarterly basis and obtaining the 250,000 lire for 1979 we are now discussing contractual programs that are based on the same criteria of professionalism and equity and are resisting pressures for excessive wage demands--pressures which do, however, exist and would greatly increase the already very large national budgetary deficit.

With respect to the distribution of income, we have opened negotiations with the government (in a dispute which this week has already involved millions of workers) to improve pensions and family allowances and to reduce--only slightly, to be sure--the fiscal burden which today falls almost entirely on the wage earner.

The executive committee of the Federation will meet on 19 January, and if these disputes have not been resolved satisfactorily--if the government has not proposed acceptable solutions for revitalizing the distressed companies and for effective action to deal with the more serious situations in the south--we shall inevitably have to decide upon a new phase of action that will be more incisive and comprehensive in nature. The unitary Federation can no longer tolerate a silence and an inertia that have become what amounts to a hoax. We cannot compromise the credibility of a great workers' organization in an attempt to preserve the credibility of an incredible government.

I do not believe that in saying these things the union is compromising its own autonomy. Autonomy cannot mean indifference, passivity and hypocrisy. If this government is incapable of dealing with (or does not choose to deal

with) the serious economic problems of the nation, and not only those of the workers but the energy crisis and the frightful growth of the rate of inflation as well; if this government is unable to do better than experience new tangential scandals, threaten to increase the price of gasoline even further and increase the discount rate by three points in one fell swoop, thereby thwarting completely the already extremely weak policy of investment; if this government is unable to carry forward the reorganization of the public safety establishment and ensure the efficiency of the forces of public order, the protection of policemen's lives and their right freely to join the union of their choice; and if this government, instead of undertaking positive initiatives in behalf of negotiations, limits itself to extracting from Parliament a vote in favor of installing additional atomic missiles on our territory--a decision that has divided the nation's political forces and alarmed the world of labor--then the moment has perhaps arrived for the democratic parties to deal with a political situation that is becoming more serious with each passing day.

Marianetti is correct: this time it will be profitable to discuss specific measures--in other words, discuss what to do--in the realization that the situation is difficult and dangerous and that in the absence of rigorous policies, a manifest political will and a clear-cut and well defined procedure for governing we shall not emerge from the crisis. The trade union movement (which is a progressive force fighting to change Italian society) has already provided the contribution of the EUR and is prepared to offer its own collaboration as well, in the drafting of a program of reforms to bring about economic recovery. If we want to be completely sincere, however, and to free ourselves from every form of diplomatic hypocrisy we must further state that under today's conditions, a government capable of dealing with the crisis--capable of making the difficult, unavoidable choices--must achieve a maximum consensus among the workers in order to ensure that these sacrifices will not be in vain.

National solidarity among the forces that want to revitalize and reform Italy is the political context most appropriate for dealing with the difficulties of the present and those that await us in the future.

I do not propose to support my argument in a mechanical way, by citing an historical precedent that Italians of my generation have, moreover, experienced for themselves. When the time came to liquidate fascism--to fight for democracy and for Italy's freedom--the antifascist forces found the unitary solution that gave us independence, the Republic and the Constitution.

To be sure, the times have changed and the problems are different. It is nonetheless true that the worsening economic crisis is spreading anxiety throughout the nation and discouragement among our youth; it is eating away at our moral fiber, causing dangerous disintegration of our social fabric. Moreover, democracy and freedom are gains that we have enjoyed for many years now, but terrorism is intensifying its attacks on our institutions.

It is soaking our streets in the blood of policemen, carabinieri and judges, as well as that of workers, teachers, journalists and business executives; and it is carrying out actions of the Nazi type, as demonstrated by the very recent events in Turin. It is intensifying its extortion activities, spreading the Mafia-like net of threats and sowing fear and distrust.

If we look around us--if we are capable of talking with the people, of looking them in the eye--we shall see that this is truly the way things are. It is therefore necessary to give consideration to choices that are courageous and new: choices that will place the life of the Republic above every other interest, however legitimate that interest may be.

These choices must be made first and foremost by the progressive forces--by the parties that most directly draw their inspiration from the world of labor--and thereby bring about closer collaboration and mutual understanding that will serve as the unifying nucleus of a more effective political leadership.

Is all this possible? I believe it is; in any case, it is necessary. I believe that the workers--who have fought so hard to give Italy democracy and freedom--will today once again stand ready to offer their enthusiastic contribution to the effort to rescue the nation from the crisis that has us in its grip and to open up before us a new era of genuine progress.

I began by speaking of Molise and the south and have reached the above conclusions without any leaps in logic, observing guidelines that are based on an analysis of the situation which has several times been made by the labor movement. One must comprehend the seriousness of the present moment, however. There must be an end to the predetermined conclusions, the orchestrations, the eternal delays and the petty tactical maneuvers that threaten to make the seat of power more and more an empty shell--a government that does not govern. Unless we have a political leadership that is committed to changing Italy, in order to get back on the road to economic development and save our institutions, we shall increasingly be going backwards and no one will be able to say how long the present situation will last. It is well, however, not to waste too much more time, because with every day that passes these problems--already difficult--will become increasingly so.

10/2  
CSU: 3104

## NEW CABINET MEMBERS: POLITICAL PROFILES GIVEN

Lisbon EXPRESSO in Portuguese 5 Jan 80 pp 1R, 3R

[Text] The sixth constitutional government has taken office.

The Portuguese people are wondering whether or not these men, who have been appointed ministers, have the psychological and political profile for performing the duties of the offices to which they have been named. EXPRESSO is going farther and is attempting to draw a brief picture of the leading pros and cons of the ministers who have just taken office, taking into account the post that they are going to hold.

In a country like ours, an analysis that gives rise unavoidably to susceptibilities is involved, but minimum journalistic strictness would require one to be made, even though it is realized that part of the answers to a large number of questions raised depends on the definitive list of secretaries and under secretaries of state.

Moreover, EXPRESSO also equates four of the basic issues connected with the start of the AD [Democratic Action] government by consulting each of the prominent persons especially concerned.

Finally, it is not possible to dissociate the image of the new government from the general picture of the office-taking ceremony itself, all full of small facts crammed with political significance. Therefore, we have assembled a set of notes that review briefly those small pictures in the large picture of the office-taking ceremony.

## Profiles on One Side (and the Other)

Francisco Sa Carneiro, prime minister

## Pros

He is the leading personality within the AD and especially the PSD [Social Democratic Party].



He has considerable ascendancy over the principal leaders of the parliamentary majority in the Assembly of the Republic.

During these last 5 years, he has had long, eventful experience as a political party chief and also an accurate knowledge of matters affecting the machinery of state.

In the last 2 years, he has acquired an appreciable political maturity that has expanded his influence on public opinion, even PSD nonmilitant opinion.

He has acquired many facts essential for governing in the last 9 months that the PSD "shadow cabinet" has been in operation, especially filling in gaps in his economic background.

He is fast and assured in decisions.

He has proved to be sensible and careful in forming the government.

#### Cons

He has never held government tasks for a long period of time.

He has no great experience of contact with the bureaucratic operation of public administration.

His term in office in the Palma Carlos government was undistinguished, partly, perhaps, because it was very short.

He is often regarded as emotional and impulsive in his action.

In the past, he has had a number of political and personal controversies that are not unsurmountable but that may restrict his government activity.

Diogo Freitas do Amaral, deputy prime minister and minister of Foreign Affairs

#### Pros

He has a strong political position in AD and an unquestioned one in CDS [Social Democratic Center Party].

He has a considerable cultural and scientific reputation, especially in the field of public law, with political reflections.

He is quite familiar with the mechanism of public administration, both from the theoretical point of view and from the practical point of view.

He has easy access, internationally, to important political sectors at present through his position on the UEDC [expansion unknown].



He has drawn many lessons from the experience of the second constitutional government, both with regard to government functioning and concerning reaction of the party and its voters.

He is deliberate and meticulous in decisions, in addition to being strict in formalization.

He has a wide range of relations and contacts in a variety of political and institutional sectors.

#### Cons

He has never held government office.

The multiplicity of duties may be very burdensome, all the more so because the post of deputy prime minister will be given its own jurisdiction in basic matters like European economic integration.

At times, he is regarded as too formalistic and rigid in certain processes of activity.

At times, it is also believed that he sacrifices a certain amount of creative imagination to a special concern for normalization and routinization of work processes.

Francisco Pinto Balsemao, assistant minister to the prime minister

#### Pros

He is a person in the political trust of Sa Carneiro and with good relations with Diogo Freitas do Amaral.

He is well acquainted with parliamentary and party circles with which he will have to establish permanent relations.

He is very familiar with the field of mass media.

He has advantages of social and personal relations.

He has a large variety of international contacts, both in the United States and Europe and in the so-called Third World.

He is dynamic, has initiative and some organization capability.

#### Cons

His duties are not very specific in some respects.

He has no government experience or even of contact with public administration.

He has more easily a personal view of antigovernment, which is news, rather than a view of government.

Adelino Amaro da Costa, minister of National Defense

#### Pros

He has an uncommon political sensibility that enables him especially to engage in a succession (if not simultaneous) of political activities, standing up against the wear and tear that normally would liquidate any other figure.

He is very familiar (perhaps the minister best familiar) with public administration and parliamentary and party circles.

He is familiar with and handles very well the instruments of mass media.

This post enables him to remain unharmed by a possible political deterioration of the government's image.

#### Cons

His past experience as minister of Civil Defense was not happy.

He has, in a great variety of political sectors, as many friends as enemies who do not forgive him for his series of tactical and strategic activities.

He loses himself often in tactical details and in behind-the-scenes embellishment. This lowers his political image.

Eurico de Melo, minister of Interior

#### Pros

He is a person completely trusted politically by Sa Carneiro.

He is very familiar with the machinery of the MAI [Ministry of Interior].

He held creditably the post of civil governor of Braga during the provisional governments.

For this kind of government he has in his favor a good reception in private business circles, especially in the north.

#### Cons

He has no central government experience.

His personal and political task will not be easy in case social tensions worsen, affecting activity of the GNR [Republican National Guard] and the PSP [Public Security Police].

Mario Raposo, Minister of Justice

Pros

He has prestige in the legal profession. He has been mace-bearer of the Order of Attorneys.

He is well liked in the judicial magistracy.

He is familiar with the Ministry of Justice in which he served in the Nobre da Costa government.

Cons

He is too wordy and diffuse in his speeches, even in the Council of Ministers.

Therefore, he may, at times, lose in terms of political image.

Anibal Cavaco e Silva, minister of Finance

Pros

Recognized technical competence both in the academic field and in the field of the Research Department of the Bank of Portugal.

He has prestige abroad, especially through negotiations with the IMF and contacts in OECD and EFTA.

He is a specialist in the priority matters of the monetary and credit policy and of tax reform.

He is strict in his diagnoses and careful in choosing the most suitable technical means in the field of finance.

He is a student of many essential aspects of the state's financial administration, on which he has made extensively prepared personal proposals.

Cons

He has no experience in government.

He has some difficulty in personal and social relations.

Vitor Pereira Crespo, Minister of Education and Science

Pros

He is thoroughly familiar with the mechanism of the ministry and with public administration in general.

He has been working for a long time on matters connected with a reform of education, especially at the university level.

He is a meticulous organizer, equipped with an uncommon capacity for work.

Cons

He does not find it easy to project an outside image or even in personal relations.

In addition, he will probably encounter some considerable political and organizational resistance in the ministry's machinery.

Eusebio Marques de Carvalho, minister of Labor

Pros

He has government experience.

He performed his duties as minister of Labor in the Mota Pinto government in such a way that his image remained practically unharmed in the face of the various kinds of attacks made against Mota Pinto.

He is a good administrator, with initiative and execution capability.

Cons

He has a modest political profile.

He encounters some difficulties in selecting close associates at the government level.

Joan Morais Leitao, minister of Social Affairs

Pros

He is a person trusted politically and personally by Sa Carneiro, Freitas do Amaral and Pinto Balsemao.

He is a good administrator, with experience in the field of insurance activity.

He is very strict and meticulous in decisions and has executive ability in applying them.

He benefits from a surprise effect in the ministry that he is going to head.

#### Cons

He has no government experience.

He has had no recent contacts with public administration, especially in the Social Affairs Department.

Joao Cardoso e Cunha, minister of Agriculture and Fisheries

#### Pros

He has experience in government.

He has bridged the gap between the industrial and agricultural sectors.

He is an experienced administrator with decision capability.

He benefits from the surprise effect.

#### Cons

He is not very familiar with the machinery of the MAP (Ministry of Agriculture and Fisheries). This will have to be compensated for by the team of secretaries of state.

He has never followed very closely the problems of Agrarian Reform, which is the burning issue in the ministry.

Basilio Horta, minister of Commerce and Tourism

#### Pros

He has political judgment for learning the state of affairs.

He has a remarkable capacity for work and great personal and political dynamics.

He is politically very combative, accepting to the limit the consequences of the most wearing events.

He is familiar with the machinery of the ministry and public administration in general. It is easier for him to begin to act immediately.



#### Cons

He is filling the same post for the second time. Theorists say that this is a mistake in politics.

His first tour in office -- in the second constitutional government -- was controversial in some matters.

Alvaro Barreto, minister of Industry and Energy

#### Pros

He has experience in government.

His first tour in government, in the Mota Pinto government, won him prestige at home and abroad (for example, his trip to Mozambique and the Ford project).

He has a long, positive industrial activity background, equalled by few Portuguese industrialists.

He is methodical and a hard worker and familiarizes himself thoroughly with reports.

#### Cons

He accepted chairmanship of management board of TAP [Portuguese Airlines] under conditions that were a political mistake.

He is regarded more as a "technocrat" than as a politician in certain primarily political situations.

Joao Lopes Porto, minister of Housing and Public Works

#### Pros

His first tour in office in government, in the second constitutional government, was regarded as reasonably positive.

He is familiar with the department that he now heads.

He is strict in analysis and seems to be decisive in action.

#### Cons

There are some who believe that he does not yet have the political profile that goes along with a technical and administrative mastery of issues.

Eduardo Viana Baptista, minister of Transportation and Communications

Pros

He is very familiar with the problems of the sector.

He has good experience in industrial management.

He is fast in diagnosis and decisive in action.

Cons

At times, he is very rigid in defense of certain technical positions.

He has had a rather low-key political profile.

10,042

CSO: 3101

## GASOLINE OUTPUT REPORTEDLY UP OVER PREVIOUS YEAR

Lisbon A TARDE in Portuguese 27 Dec 79 p 8

[Text] Portugal's production of "super" gasoline increased to 298,000 metric tons in the first half of 1979, 12.6 percent more than in the same period of the previous year.

According to a study by the Portuguese-German Chamber of Commerce and Industry (CCILA), production of regular gasoline (97,400 metric tons) also showed an increase, but 3.3 percent, in comparison with the same period in 1978.

With regard to value, production of "super" amounted to 3.44 billion escudos in the first half of 1979, a 58-percent increase in comparison with production in the first half of 1978.

The value of the production of "regular" increased, in turn, from 280 million escudos in the first 6 months of 1978 to 1.01 billion in the same period of 1979, a 23.3-percent increase.

According to CCILA, Portuguese coal mining increased only 3.88 percent in the first half of 1979, also in comparison with the same period of 1978.

10,042

CSO: 3101

## CARRILLO ON CONDEMNATION OF AFGHAN INTERVENTION, SCORES IMPERIALISM

LD041149 Madrid MUNDO OBRERO in Spanish 29 Jan 80 p 3 LD

[Apparent text of 27 January speech by PCE Secretary General Santiago Carrillo at Communist Party of Galicia second national conference on Island of Arosa (Pontevedra): "We Will Struggle Against Any Attempt To Return to Cold War"]

[Text] I wish to begin by saying that when some people refer to our international policy stances, expressing the viewpoint that these stances are--so to speak--nationalist, that they take into account only the small area of our own backyard or that they are not class stances, then those people are mistaken.

Our international policy stances are class stances and deeply internationalist, although on some occasions we may be mistaken--why not?--like everybody else.

But just as we acknowledge the possibility of being mistaken, I believe that the others who do not think like us must also accept the possibility of their being mistaken. And in this respect the fact that they are parties which were founded by great figures of the world revolution and that we are a party founded by more modest personalities does not count. The founders who have died both there and here, and we who remain are not those who carried out that first great socialist revolution--the October Socialist Revolution--which we regard as the birth, as the origin, of an entire world revolutionary process which today is continuing to develop and should continue to advance despite all obstacles.

#### Some Criteria

I believe that those who are confused and suffer when our party condemns the entry of Soviet troops into Afghanistan are thinking in accordance with criteria which were valid for the initial period of World War I and for the period of World War II. Indeed World War I and the collapse of the Tsarist state in that war gave rise to the conditions under which the Great October Revolution was able to triumph. World War II also gave rise

to a number of socialist states and an entire period of decolonization during which mankind has made great progress in the cause of national and social liberation.

But it must be said that a third world war, taking into account the development of modern weapons and the existence of these stockpiles of nuclear weapons, would not give rise to the victory of any revolution. What would occur would be the destruction of the revolutions which have triumphed so far and the destruction of all social classes--indeed, the return of the human race, at best, to the stone age. And that is why our own parties and other revolutionary parties cannot today approach the issue of a third world war as we were able to do in the past with respect to World War I and World War II.

Today there is no path of progress open to the revolutionary forces other than that of detente, peace and a struggle to prevent a third world war at all costs. This is the first premise which we must lay down in approaching current international problems. And those who do not take this into account and do not proceed from this premise clearly may be greathearted and have very noble sentiments, but they have no idea at all of present-day reality and of the prospects for insuring that the revolutionary process continues to advance and for attaining our ideal--a socialist world, a world from which social oppression and national oppression have disappeared.

#### Eurocommunist Reality

Second. I wish to say that what we term Eurocommunism is correct and stems precisely, from this idea that socialism can only make progress in peace and that socialism must be democratic. It must be realized as a result of winning over each of our peoples to the cause of socialism, and not as a result of an imposition, from whatever quarter.

In this connection I would say that, in our opinion, the great task from the international viewpoint is to prevent a return to the cold war, avert the development of trends toward armed confrontation between the two blocs and insure detente, which over the last few years has made possible and facilitated progress on the part of the progressive forces and the forces of national and social liberation. Insuring this detente is what leads us in the first place to combat imperialism and to struggle against imperialism's entire policy--U.S. imperialism in the first place, and also European imperialism. This is, and has been, our principal task, and in this task, despite the difficult circumstances under which the Spanish communists operated for 40 years, we have supported, backed and constantly expressed our active solidarity with the peoples combating imperialism. So it was in the case of Vietnam; so it was in the case of Chile; so it has been in the case of solidarity with the Palestinian people; so it is in the struggle to support the just and legitimate aspirations of the Saharan people, represented by the POLISARIO; so it is--I repeat--in general, in all the battles for social and national liberation which have occurred during these years.



[LD041151] And so it is in our country today, with respect to the attempts to bring our country into NATO, so it is with respect to the deployment of new nuclear missiles in Europe, and so it is with our censure of Prime Minister Suarez' visit to the United States and our demand, which we will place before the Congress of Deputies, that Prime Minister Suarez explain what commitments he undertook in the United States, because he still has not deigned to explain to the Spanish public what he went there to do.

But while combating imperialism, we proceed from the principle that we do not regard this struggle as a struggle against the United States as a people or as a country, or as a struggle against any country, and that we do not regard the defeat of imperialism as a defeat which must be a national defeat for the United States or for any other country in the world. While waging this struggle against imperialism, we noted the fact of its defeat in Vietnam; the fact that imperialism did not dare to oppose the solidarity with the people of Angola and the fact that it did not dare to intervene against the revolution in Nicaragua. That is, we noted retreats in imperialism's traditional policy of military intervention.

#### Revolution Cannot Be Exported

Within this context we would have no moral or political authority, nor would we be consistent with our overall conception of the revolutionary process at the present time, if we did not also condemn the intervention by Soviet troops in Afghanistan. And why do we condemn it? Because if the Afghan people supported their so-called revolution--which, it must be said, was not such a popular revolution, because the people have not taken part at all in these political changes--if the Afghan people had carried out a revolution, the Afghan people themselves would have defended and supported that revolution. The palace coup which ended the Afghan monarchy--which had certainly cooperated for very many years with the Soviet Union--was no popular revolution.

Moreover, when people say: "If we could have gone to Spain in the years 1936-1939, we would have prevented what happened in Spain," we tell them "no." They did not come and, moreover, should not have come in the years 1936-1939. And it was and is we who had to carry out our revolution, although enjoying international solidarity. A revolution which triumphed here through intervention by troops of a foreign army would have been incapable of surviving on its own in this area of the world.

There is no question of the Soviet army or that of any socialist country intervening to save or promote revolutions. The fact is that there is in Leninism a rule which Stalinism, despite all its mistakes respected. And that Leninist rule is that revolution cannot be exported and that revolution cannot depend on the bayonets of any foreign army. And I would like to point out this: Stalin did not send the troops of the Russian army outside the Soviet Union's borders as long as there was peace in Europe.

## Imperialism Is Being Strengthened

There was a Japanese aggression against the Soviet Union in the thirties. The Red Army responded to that aggression and defeated the Japanese army, but when the Red Army reached the Soviet Union's border with Manchuria it stopped and did not continue to advance. The Soviet troops only left the USSR's borders when the war had already started in Europe in 1939, when Hitler's armies had invaded Poland. Then the Soviet army left its borders in the midst of war, realizing that the Soviet Union would also take part in the war sooner or later and that it would be attacked. Never, never, did the Soviet Union send its army outside its borders previously. And in so doing a Leninist rule was being followed.

And what are the consequences of Afghanistan? The consequence of Afghanistan is that U.S. imperialism is now recovering the leadership which it had begun to lose. U.S. imperialism is assembling and marshaling a bloc of forces and countries which, from the viewpoint of technology, from the economic viewpoint and from the viewpoint of population, are far stronger than those of the Soviet Union and those of its possible allies.

A bloc including the United States, Japan, China and Europe is in fact being formed which in every respect is far more powerful than the Soviet Union.

I would also like to draw attention to the possibilities of the Islamic world making a 180-degree turn about, from being on the side of the Soviet Union to opposing the Soviet Union. And a foreshadowing of what could happen in this respect is the vote which took place at the United Nations, where those who--as has been said--should be the Soviet Union's natural allies, voted against it.

I fear and believe that Prime Minister Suarez' role following his visit to Washington will be to this effect; I greatly fear that if the Palestinian people are given a territory in peace settlements in the Middle East, a change with respect to the Soviet Union will occur in all the Arab countries, and that the Arab countries will also join that possible bloc which has not yet been formed but could be formed, and which, in view of the policies such as those which have been manifested in Afghanistan, undoubtedly would be formed against the Soviet Union and against the socialist countries in Europe.

[LD041153] When we condemn the intervention in Afghanistan, it is in fact we--who condemn the intervention--who are actually defending the Soviet Union and opposing the possibility of the Soviet Union's being isolated and humiliated, whereas those who, out of sentimentality, emotion and reflexes and conceptions of a different period, are supporting the intervention and saying that we cannot be neutral, are in fact not actually defending the Soviet Union.

## To Defend Peace

This is not a problem of neutrality or otherwise; what I mean is that if a war occurred in this way, that war would not be our war, whether or not we were neutral. Because a war in which all revolutionary gains and virtually the human race will be destroyed cannot be a war for communists, for those who wish to transform the world and to make a freer and happier world. This is not being neutral; this is simply saying that there are paths. There are ways. The only path which is no path at all is the path of a third world war. For this reason, in view of this situation, we are going to intensify--and this is the significance of our talks in Rome with Comrade Enrico Berlinguer--our entire activity--for a start, against all the attempts of U.S. imperialism and of all the reactionary and rightwing forces in Europe to use this situation to create again the conditions of cold war.

We will struggle to insure that negotiations are started between the two blocs, so that if there is a military imbalance, that imbalance is not resolved by deploying missiles in Europe. Let it be resolved, if that is the case, by reducing the missiles of those who have most. This requires monitoring and real inspection of the situation. We will struggle to insure that there are no measures of economic extortion, either against the Soviet Union or against any other country; we will struggle against the attempt to wreck the olympic games in Moscow. Those who wish to wreck them recently held games in Argentina, with a regime, a government, which has acknowledged the disappearance of thousands of people who have been murdered precisely by that government's police. We will struggle--I repeat--against all of imperialism's attempts to intensify the crisis and international tension. But we will also say that Soviet troops should withdraw from Afghanistan. And we will follow a policy aimed at uniting all the communist, socialist and leftwing forces and those of democratic progress and peace in Europe prepared to struggle for peace and cooperation and against a return to the cold war.

This is our stance, which is not aimed exclusively at our own backyard, our piece of territory, our internal problems, our convenience. It is a stance which is aimed much further; it is aimed at the future of the gains which communism and the forces of national and social liberation have already achieved and at insuring the gains of the future, which will be achieved, as I said earlier, by a world without national oppressions and without social oppression.

CSO: 3110

## GOVERNMENT OFFICIALS ON IMPACT OF EEC MEMBERSHIP

Madrid ACTUALIDAD ECONOMICA in Spanish 5-11 Jan 80 pp 20, 21, 23-25, 27

[Article by Evelyne Cieslak]

[Text] The 1980's will no doubt bring great changes for Spain. The scheduled signing of the European Economic Communities (EEC) Membership Treaty in 1983 will, in particular, mean that major transformations will take place in the national economy, both before and after the fact. With the aid of the experts in the various ministries who are preparing and negotiating our membership, ACTUALIDAD ECONOMICA has sketched the broad outlines of what Spain will be like when it is part of the EEC.

Our new status is going to have a major impact on almost all sectors of Spain's economy, but the biggest changes will be in agriculture, first of all because of the continued importance that the sector will have as part of the nation's economy, and above all, because EEC policy has received, and will most likely continue to receive, its biggest push in the agricultural arena.

#### I. Agriculture: Many Varieties

In examining the potential changes in this sector, we must point out, as did Jose Manuel Rodriguez, the technical secretary general of the Agriculture Ministry, that "there are many kinds of agriculture in Spain, not a single variety" and that, therefore, "in a complex situation, stemming both from physical and climatic infrastructure and from the strictly productive structure of farms, there will be very different effects, depending on the products and their regional influence. The common farm policy so far has been a markets policy that has been concerned more with products than with producers."

The fact is that Spain's least competitive goods, such as milk and sugar, are the ones that have enjoyed the most protection in the EEC. If surpluses are the EEC's number one problem, Spain's entry ought not to aggravate it, because the domestic output of these items



merely covers internal needs, if that. It is obvious, however, that owing to their uncompetitive position on the European market, many small dairy producers in northern Spain will have to reconvert. The Agriculture Ministry already has a reconversion program for this type of farm that is designed to replace milk with meat production, which is subsidized in the EEC. Asturias seems to have no other choice. Things are different with Galicia, which could take advantage of the opportunity afforded it by the Portuguese market, as long as its farms consolidate and thus become more profitable. We should also keep in mind that French dairy product exports (mainly powdered milk) will no longer benefit from the export rebate system and will thus take on a less aggressive posture on the Spanish market.

The main problem in the grain sector is the low yields from the unirrigated lands in Castille and Extremadura. Andalusia has much richer lands. EEC farm policy encourages the conversion from soft wheat (which it has surpluses of) to hard wheat (of which there is a shortage). In addition to these crop changes, sheep-raising will very likely reemerge in the 1980's in poor regions. There are two reasons. In the first place, the EEC is to a great extent short on mutton products, and secondly, this has traditionally been one of the characteristic activities in these regions, which were largely abandoned during the last decade and which the Spanish administration considers easy to reactivate.

Wine and olive oil have been the focus of special attention recently on the part of the community. Italy, for example, receives sizable aid in connection with its olive oil output. When it joins the EEC club, Spain will also benefit from this policy. With regard to fruits and vegetables, Spanish production will have many advantages over the community's and that of third countries.

Spain's agriculture is very competitive vis-a-vis the EEC producer nations, thanks to its prices and its climate, which makes possible a somewhat earlier delivery of goods. As Mr Rodriguez Molina notes, Spanish products "will enjoy free movement in an expanded market of 300 million persons, without being subject to tariff or other barriers. Especially important in this regard is the disappearance of the timetables that the EEC today requires for the export of certain items, as well as the current obligation to respect certain price levels."

EEC farm policy is protectionist with regard to third countries. After membership, Spain's agriculture will benefit from the so-called community preference: Spanish products will have priority over those of non-member nations. In addition to the classical intervention mechanisms of price supports, Spain's agriculture will have other



forms of assistance provided by EEC regulations, such as export rebates, production and manufacturing subsidies, market penetration subsidies, etc. Thus, Spain's fruit and vegetable growers will apparently reap the most benefits from EEC membership, although the community is likely to impose a lengthy transition period leading to total integration.

In human terms, the income of Spain's farmers will most likely rise considerably as a result of being brought in line with EEC farm income. The hope is that in the 1980's farms will consolidate, farming will become more mechanized and the active population involved in agriculture will drop. On the other hand, the farm products processing industry, especially the canning industry, and distribution channels must be further developed. Jose Manuel Rodriguez Molina voices this optimistic view: "It is both possible and desirable to devote more attention to producers from this point on, in other words, to the farms. This can be done by promoting the policies contained in the socio-structural directives: incentives for modern farming, incentives for farmers over a certain age to stop working, special attention to depressed and mountain areas, combatting erosion and desertification, creating more suitable conditions in the countryside for the development of farm product processing plants, etc. When these resources are fully and efficiently utilized by farm operators, the sector will be on equal footing, in terms of income, with other socio-professional sectors, and the countryside will achieve a quality of life that will shatter the current urban-rural imbalance."

The question is whether EEC policy will be able to achieve its objectives in the 1980's. The fact is that so far the community's farm policy has meant rising farm prices and very sizable outlays in the budget of the Nine, but there is still a great disparity in farm income distribution.

## II. Industry: Indispensable Changes

"With or without membership, Spain's industrial sector must adapt to the new international conditions," asserts Alfredo Rambla, the Industry and Energy Ministry's head of the Department of Relations with the EEC and Other Multilateral Organizations. In assessing the changes that will foreseeably take place in Spain's industrial sector in the 1980's, we must bear in mind that Spain is going to join the EEC at a time of economic crisis that profoundly affects both Spain's and the EEC's economy.

The community itself, not just Spain, is going to have to alter its industrial structures. Guillermo de la Dehesa, technical secretary

general in the Industry and Energy Ministry, anticipates that over the next few years the energy crisis is going to intensify, which from a geopolitical standpoint "is going to prompt a decline in Europe as it becomes more dependent on the two blocs, the Soviets and the Americans, who hold 55 percent of the world's energy reserves." Except for Great Britain, which has sufficient oil and coal reserves, and Germany and France, which will have greatly developed their nuclear power, the nations of the EEC are going to be hard hit by the energy crisis. Spain is also at a disadvantage in terms of energy because it has almost no oil, its coal is expensive to extract and over the years of the political transition it lost the edge that it could have gained in the nuclear energy field.

Faced with a crisis, countries tend to fall back on themselves rather than expand outwards. This phenomenon can be seen in the application of protectionist policies. "Indeed, within the EEC itself the disappearance of customs duties and quantitative restrictions does not mean that protectionism does not exist, because there are countless technical, legislative, regulatory or administrative restrictions that are arcane and dangerous substitutes for the former tariff protectionism. The system of flexible exchange rates is another way of reinstituting protectionism," asserts Guillermo de la Dehesa. So far, the process of coordination in the EEC has been slower than people expected, and it will very likely not being completely worked out in the 1980's.

### III. Labor: Comparative Advantage

A greater division of labor is coming about internationally. A string of labor-intensive industries are shifting to the developing countries. This trend will surely intensify over the next few years, forcing many European companies to reconvert.

On the basis of this hypothesis, two things could happen: either the EEC will aid in the reversion, with the resulting costs in unemployment, or it will attempt to protect the companies against the competition, in which case their long-term international competitiveness will suffer. With regard to Spain, we have to keep in mind three major factors that could work to the benefit of Spanish industry. In the first place, its gross domestic product (GDP) per worker is still lower than the EEC's; second, its degree of specialization is also lower, and lastly, Spanish industries still have much room for adaptation. When the trend is towards specialization in product lines, Spanish companies are still in a position to cut costs by boosting output. The continued competitive status of Spanish labor could lure foreign, and more particularly, European capital. Based on this, and taking into account the major adjust-

ments that Spanish companies will have to make to community standards in areas such as technical regulations, pollution and productivity, we can suggest the Spanish industries that are really going to have problems within the EEC: basic petrochemicals, pharmaceutical raw materials, fertilizers, coal mining, synthetic fibers and the furniture industry. Iron and steel, automobile industry suppliers and certain knit goods would have fewer difficulties. On the other hand, some companies would be unaffected by the change: power companies, graphic arts, construction-related industries (cement, earthenware, granite) and local or regional industries in general. Lastly, the new situation will benefit a series of dynamic industries that today account for 50 percent of Spain's GDP and that could account for more than 70 percent in the 1980's. We are talking about certain transportation firms, the food industry, non-metal mining, part of the textile and footwear industry, part of the plastics industry and chemicals.

From a jobs standpoint, these dynamic sectors employ only 10 percent of the active population. Any change in them would not have a dramatic impact in this regard. Spain cannot seek to set up a basic computer industry. Nevertheless, within this vanguard industry (data processing, electronics and telecommunications) it can have intermediate technology product lines while assimilating higher-level technologies.

#### IV. Transportation: More Economical

"Major state intervention in the transportation sector has prevented the community's transportation network from achieving the integration called for in the Treaty of Rome," asserts Jose Manuel Serrano Alberca, technical secretary general in the Ministry of Transportation and Communication.

EEC transportation is still in the development stage as far as liberalization rules are concerned. We can assume that many more rules will be issued from now until 1983, rules that Spanish transportation will have to adapt to. Membership will have a positive impact on Spain's transportation companies as long as they can surmount the problems of adjustment that they will have in three areas: market access, market organization and coordination of the rules of competition. Nonetheless, the generally high level of preparedness of Spanish firms would lead us to suspect that their competitive status will be very good vis-a-vis the other European companies.

With regard to the use of transportation modes, according to Lorenzo Gonzalez Alonso, the assistant general director of international cooperation at the ministry, "there will be a shift in transportation

use based on energy costs." We will see an increase in railway use, which at present accounts for only 12 percent of the total, compared to between 30 and 35 percent for the rest of the EEC. There are two reasons for this: railways receive major aid within the EEC and use a minimum of energy. Public transportation will also expand vis-a-vis private. Spanish transportation has not undergone the technological development of other sectors in recent years. Energy shortages and environmental protection, among other factors, will most likely spur innovation. Perhaps speed will no longer be the primary goal.

#### V. Taxes: Coordination and Greater Control

Spain is implementing its tax reform with a close eye on the arrangement that exists in the EEC, although the latter has not yet been completely worked out. "Direct taxation is proceeding in line with the community's, and the reform of indirect taxation is also moving in this direction," asserts Joaquin Soto Guinda, technical secretary general at the Finance Ministry. The 1980's, it is hoped, could thus be the decade of fiscal coordination, both for Spain and the community itself. The establishment of the value added tax (VAT) would seem to be the major development of the 1980's in this connection. We can expect the burden of direct taxation to increase over that of indirect taxation in Spain (in line with the trend in the EEC), although direct taxation will not reach the point of being a disincentive to workers. Although there is a proposal in the EEC to coordinate corporate taxes and include them in the income tax on physical persons, Alberto Martinez Genique, the assistant director general of financial studies at the Finance Ministry feels that it is unlikely "that real coordination will be achieved before the end of the 1980's."

As a member of the EEC, Spain will have to contribute to its budget. The community currently finances its budget in these three ways: the revenue from the common foreign tariff, an agreed upon percentage of the VAT (currently 0.76 but which the EEC Commission could boost to 1 percent) and prepayments on farm imports ("prelevements"). If the situation in the EEC remains as it has, we can reasonably expect that as the community's needs increase, the contribution of the member states will have to rise, either by boosting the percentage skimmed from the VAT or by instituting new taxes through new, coordinated arrangements. A combination of the two solutions might also be adopted.

It is Spain's hope that the difference between its total contributions to the EEC budget and the financing and assistance it receives from the budget comes out in its favor. To this end, it will be very important for Spain to be in a position to channel the financial



assistance furnished by the EEC's agencies by submitting acceptable programs that meet community guidelines and, therefore, to show a willingness to finance its own share.

Separately, trade and cooperation among states will be bolstered. When Spain joins the EEC, the level of taxpayer compliance will improve over past years, not so much because Spaniards will be more ethical as because the administration will have better means at its disposal to perform its function. It will no longer be enough to leave Spain in order to bring off a fraud because it will be chased down throughout Europe.

#### VI. Monopolies and the Financial System: What Lies Ahead

With regard to the tobacco and petroleum monopolies, Joaquin Soto Guinda asserts that "they are special cases because of their status as government and trade monopolies; the state holds a major share of their capital, and they provide sizable tax revenue." Therefore, in the 1980's they will most likely be accommodated to the new conditions but under no circumstances transformed.

"In its ongoing process of standardizing sector regulations, the EEC has perhaps made its most modest gains so far in setting up an integrated financial system. We cannot yet speak of a community financial system; what we find, rather, is a mosaic of financial systems with widely varying legal frameworks, methods of supervision and banking controls." This view of Pedro Perez Fernandez, technical secretary general at the Economy Ministry, might lead us to believe initially that membership in the EEC is going to bring minimal changes to Spain's financial system. We should not forget, however, that the EEC nations have a great tradition of freedom and competition, whereas Spain's financial system is just now emerging from a lengthy interventionist stage that was marked basically by an absence of competition among institutions (officially set interest rates, restrictions on practicing in the banking profession, limits on the opening of branches, etc). In recent years, Spain has been bringing the mechanisms and basic rules of its financial system more in line with those in the EEC countries.

There has been a steady process of freeing up interest rates; the official indices that triggered an artificial allocation of funds are being cut; the policy of specialized institutions has been abandoned, and we are moving towards the model of full-service banking in which specialization is by choice; more liberal criteria have been established for opening branch offices, and the first step has been taken to permit foreign banks to operate in Spain.



This liberalizing trend will continue in the 1980's, and it is to be hoped that the remaining interventionist regulations will disappear, that the securities market is reformed, that capital movements are further, if not totally, liberalized and that objective regulations are adopted for establishing new credit institutions. This harmonization will move forward very slowly, because there are still major differences between the financial systems in EEC member nations, and there is no agreement among them as to what the future model ought to be.

#### VII. Insurance: a True Financial Middleman

"A common market in insurance is not yet a full-fledged reality; it is at an earlier stage of development than other economic activities. The process of establishing it was dealt a major setback when the community expanded from six to nine members, above all because of the peculiarities of the British insurance market," states Eugenio Prieto Perez, a technical adviser to the Spanish Union of Insurance, Reinsurance and Capitalization Companies.

If the insurance common market is currently on the verge of transcending the stage at which companies can be established without restrictions, then over the next few years it should achieve an unrestricted provision of services. This means that an insurance company will be able to undertake insurance transactions in any EEC country even if it has neither an agency nor a branch there. The 1980's, the first half at least, will be marked by low growth, major structural reforms and behavior by economic agents that will require important sources of financing. Private insurance firms will thus find their place as financial middlemen and channels of long-term savings.

Moreover, according to Eugenio Prieto, "owing to the greater financial solvency that community legislation demands of insurance companies and to the greater competition that Spain's adhesion to the EEC will entail, greater emphasis will have to be placed on bolstering the financial role, and what has so far merely been a by-product of risk management will become the main source of financing solvency and profit margins." Accommodation to the new conditions will entail a concentration of companies in Spain through mergers, absorptions, portfolio transfers and other methods. Specialization will be another characteristic of Spanish insurance companies in the 1980's. Companies much larger than the current average will have to appear on the market, but this does not mean that much smaller and highly specialized companies cannot exist alongside them. These changes will entail greater mechanization and the employment of more modern management techniques.

### VIII. Foreign Trade: The Big Opportunity

"Although there are many areas that have yet to be coordinated within the EEC, there are very few unregulated aspects in connection with customs. The EEC's Court of Justice has issued many more regulations, directives and decisions in this area than in others," explains Ildelfonso Sanchez Gonzalez, the assistant director general of planning and international affairs at the General Directorate of Customs and Special Taxes.

It will not be difficult to tailor Spanish regulations to the community's because since 1950 both Spain and the EEC have met periodically as part of the Council of Customs Cooperation. Antonio Rua de Benito, the director general of customs and special taxes, points out, however, that "the new situation is going to entail in-depth changes for Spain's customhouse, not only with regard to the procedures it applies but also with regard to its very structure and spirit."

Customs is going to become more important in Spain, because aside from its traditional functions it will perform those relating to community policies. Major importance is attached to monitoring the origin of merchandise, both in internal EEC trade and world trade in general. Also, although we would expect less red tape in intra-community trade, experience has shown that EEC customs personnel have almost doubled since the Treaty of Rome was signed in 1957. Merchandise that Great Britain exported to France before it became a member required three copies of administrative documents; seven copies are required today.

According to Jose Vicente Torrente Secorin, the director general of international economic relations in the Foreign Affairs Ministry, in spite of the many variables that will influence Spain's foreign relations in coming years, "we would expect that throughout the 1980's increased Spanish exports and investment will be channeled mainly towards the most dynamic markets, in other words, the countries of the Third World, which have sizable energy resources and major growth potential." As the country opens its doors wider, foreign trade will obviously become more important in its economic life, and it will be more heavily influenced by the international economic situation. But, as Pedro Solbes Mira, technical secretary general at the Commerce Ministry, points out, we must bear in mind that "Spain's membership in the EEC will both create trade and divert some markets into others. The impact of our membership will be positive if the difference between the creation and diversion of trade is in our favor." Based on EEC experience so far, the rate of growth of its member countries' foreign trade has been higher than the world average.

## IX. What's Left: Trade and Cooperate

"Spain is looking at three packages of agreements when it takes up EEC foreign trade commitments," says Aniceto Moreno Moreno, the assistant director general of trade policy with the communities and European free trade zones. In the first place there are the countries in EFTA, with which Spain, getting a head start on its future obligations, has already signed a multilateral pact that will take effect towards the middle of next year after it is ratified by all of the member states. The second package includes the agreements that the EEC has signed with the Mediterranean countries of northern Africa, Israel, Lebanon, Syria, Egypt and Jordan and the association agreements with Cyprus and Malta. These agreements will perhaps carry the greatest expense for Spain, inasmuch as "the advantages that the community has granted these countries involve farm products or semimanufactured goods that compete directly with Spanish merchandise," notes Luis Javier Casanova Fernandez, the assistant director general of European integration agencies. He also states that "if a suitable transition period is negotiated, the impact could be beneficial because it might stimulate competition and the revamping of obsolete structures." The third group of agreements comprises the Lome Conventions or the pact with 67 African, Caribbean and Pacific Ocean countries, most of them former colonies of EEC member states. The second Lome Convention has just been signed, and it will have a duration of 5 years. It establishes free industrial trade and major advantages for farm products from these nations. In this case, however, they will not be competing with Spanish farm products because they are almost exclusively tropical. These last two categories of pacts call for sizable financial contributions in the form of development assistance, but the countries receiving it will furnish an increasing share.

All of these obligations entail a major effort on Spain's part. Experts feel that it will still be too early for the EEC to focus real attention on Latin America in the 1980's, due to the many domestic and political problems that these countries will not be able to resolve in this time span. Spain's opportunity to play a preponderant role in relations between the EEC and Latin America is further down the road.

For Spain, the 1980's will be a decade of economic transition vis-a-vis the EEC, regardless of whether the transition periods end before or after 1990.

## ECONOMIC CRISIS MAKES SWISS-EEC AGREEMENT NECESSARY

Geneva JOURNAL DE GENEVE in French 24 Dec 79 p 5

[Text] Brussels, 23 January (ATS). The free-trade agreement concluded in 1972 between Switzerland and the EEC proved to have been decisive for both sides and could assume even greater importance in view of the critical situation of the international economy. That is the situation as presented by Ambassador Claude Caillat, head of the Swiss mission attached to the EEC at Brussels, in reviewing 5 years of activity in the Belgian capital in the course of an interview given to ATS. In view of the hardening of the international situation, necessitating ever more competitive enterprises, this agreement is bound to play an outstanding role. According to the ambassador, it could contribute to a better distribution of work within Europe.

The close bonds linking Switzerland and the nine countries of the Community emerges clearly through statistics: since July 1977, the date customs barriers were practically abolished between the EEC and the EFTA, a common market was brought to life, consisting of 30 [as published] million inhabitants in 16 countries. Switzerland, Ambassador Caillat recalled, imports 50 percent of its requirements from the EEC and 70 percent of our exports are taken by the countries of the Community.

The head of our mission with the EEC described as particularly positive the extension of collaboration between Switzerland and the EEC to areas which originally were not covered in the free-trade agreement and which materialized during his term of office at Brussels. He mentioned in particular Switzerland's participation in the "JET" (Joint European Torus) research project which, with the help of thermonuclear fusion, was to permit the utilization of nuclear energy without danger, as well as economic and technical research projects, primarily in the area of environmental protection and telecommunications.

The direct disaster insurance agreement--excluding life insurance--was also finally signed. This agreement enables Swiss insurers to establish themselves in the countries of the EEC and viceversa. Switzerland several months ago also signed a treaty which includes it in the "Euronet," that is, the European Data Transmission Network.

Ambassador Caillat on the other hand regretted the slow implementation of a simplification in the EEC regulations establishing conditions for exempting a product coming from the EFTA from customs duties. This regulation often turned out to be an obstacle to exports.



## ROYAL MARINES TO FORM ANTITERROR FORCE

London THE DAILY TELEGRAPH in English 24 Jan 80 p 2

[Article by Desmond Wettern]

[Text] A 299-strong Royal Marines unit is to be formed in May to safeguard North Sea oil and gas installations and other important targets from terrorist attacks and saboteurs.

Part of the unit is to be used to strengthen the Royal Marines' guard at the Royal Navy's nuclear submarine base at Faslane on the Clyde.

The new unit will be commanded by Major C. J. Higginbottom and will be based at Arbroath, the former naval air station in Aberdeenshire, but will have its own organisations separate from that of 45 Commando which is also based there.

The reason for this is that the Commando is frequently deployed in Ulster and sent for arctic warfare training in north Norway.

A Royal Marines spokesman said yesterday that there had been a need for such a unit for some time and there was no particular significance in it being formed now.

## Navy Helicopters

The unit will be trained to respond very quickly to a variety of threats and will be able to call on naval helicopters to fly it where required. It will be equipped with the same small arms as normal commando units and will have its own Land-Rovers.

The Marines are being permitted to increase their strength by some 250 men above the present total of 7,500 officers and men. Recruiting is going well, and there should be little problem finding the extra number.

The unit will be known as the Commachi company after the lake in northern Italy. It was here in 1945 that men of the 2nd commando brigade experienced particularly bitter fighting and where Cpl. Tom Hunter won the Royal Marines' only VC in the 1939-45 war.

CSO: 3120

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